



Daily Report

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Daily Report

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United States & Canada

Zhu Rongji, American Guests Discuss Cooperation

OW1707070192 Beijing XINHUA in English
0624 GMT 17 Jul 92

[Text] Beijing, July 17 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Samuel W. Bodman, chairman of the Cabot Chemical Company Ltd of the United States, and his party here today.

They exchanged views on the co-operation between the two sides and other issues of common concern.

Chinese Minister of Chemical Industry Gu Xiulian was present at the meeting.

Bodman and his party attended an inauguration ceremony in Shanghai on July 14 for a carbon black project of the Shanghai Cabot Chemical Company Ltd, an enterprise jointly established in May 1988 by the Shanghai coke factory and the Cabot Chemical Company Ltd of the United States.

Exiled Students Speak at Democratic Convention

HK1707061192 Hong Kong THE STANDARD
in English 17 Jul 92 p 12

[By S. L. Law]

[Text] China yesterday sternly criticised the appearance of two exiled student leaders at the Democratic National Convention in New York on Tuesday.

The terse two-sentence statement issued by the Chinese Foreign Ministry said: "We are opposed to the provision of a forum to such persons."

Apparently referring to Li Lu and Chai Ling, the statement went on: "The crimes of those persons is beyond refutation."

Mr Li and Ms Chai were introduced at the Democratic Convention on Tuesday as "leaders of the tens of thousands of demonstrators in Beijing in 1989" by congresswoman Nancy Pelosi.

Ms Pelosi is known for her bills to impose conditions for renewing the most-favoured-nation (MFN) status to China.

The Democratic Party has included a clause calling for conditional renewal of China's MFN status in its platform.

Mr Li and Ms Chai's appearance at the convention, which was held to name Bill Clinton as the Democratic candidate for presidency, was apparently a result of the clause.

Mr Li, 26, a former student at Nanjing University in south China, is now studying in Los Angeles.

Ms Chai, also 26, a former student at Beijing Normal University, is living in Princeton—the base of many exiled Chinese intellectuals.

They both appeared on the list of 21 "most-wanted" student leaders issued after the 4 June crackdown, and both managed to escape China via an underground network later in 1989.

Mr Li and Ms Chai were among the most visible and vocal leaders of the 1989 protests and have continued to participate in dissident activities overseas.

The pair made a brief appearance on the rostrum of the Democratic convention with Mr Li giving a short speech in English.

"The old men who rule China sent the army to silence us," said Mr Li.

"But they failed. The roar of tanks and machine guns can never crush dreams for freedom."

U.S. Democratic Convention Closes

OW1707045392 Beijing XINHUA in English
0427 GMT 17 Jul 92

[Text] New York, July 16 (XINHUA)—U.S. Democratic National Convention closed here today with presidential candidate Bill Clinton's promise to "revitalized America."

In his nomination acceptance speech, the Arkansas governor promised Americans "a new vision," "a new choice," "new jobs" and "new wealth" and everything in his changed America.

Thousands of delegates to the convention in Madison Square Garden cheered to his promises.

Clinton used the opportunity to appeal to a variety of voters.

He appealed to the "forgotten" middle class, saying "I'm a product of that middle class and when I'm the president, you will be forgotten no more."

He also made a direct appeal to supporters of undeclared independent presidential candidate Ross Perot, calling on the "patriots of change" to join Democrats, saying "together we will revitalize America."

"It's time for a change," Clinton repeated his key campaign message.

Perot dropped his presidential bid today, leaving his volunteers shocked and disappointed.

As about 60,000 balloons nestled in nets on the arena's ceilings were released, the four-day Democratic National Convention for "change" came to a traditional finale.

The convention adopted a Democratic Party platform and chose Bill Clinton and Tennessee Senator Albert Gore as democratic presidential and vice presidential candidates.

Clinton and Gore will leave New York tomorrow on a bus campaign tour of eight states.

Central Eurasia

Yeltsin: Russia Seeks 'Closer Ties' With East

OW1607010592 Beijing XINHUA in English
0030 GMT 16 Jul 92

[Text] Moscow, July 15 (XINHUA)—President Boris Yeltsin said Tuesday that Russia is ready to establish more closer ties with Orient countries such as China, Turkey and India.

The president told reporters here that Russia had first adjusted its relations with the West and now should switch its attention toward the East, the IZVESTIYA newspaper said today.

Russia had formerly established new relations with the West and reached a nuclear arms reduction agreement with the United States, but this should not lead to the conclusion that Russia adopted a pro-West foreign policy, he said.

On his meeting with leaders of the seven leading industrialized countries in Munich, Germany, on July 6, Yeltsin said members of the Commonwealth of Independent States (CIS), whose leaders once believed that all problems could be solved through developing relations with the West, had now got into various troubles.

Each member state had realized that the CIS needed some organs of coordination, he said.

On the domestic situation, the president said it was too early to expect the improvement of people's life this year.

The program on further reforms recently adopted by the government had set forth reform measures till 1994, and a large amount of funds and materials had been allocated for agricultural development, he said.

Sino-Russian Nuclear Analysis Lab Set Up

SK1507141292 Harbin HEILONGJIANG RIBAO
in Chinese 12 May 92 p 1

[By correspondents Shen Liguang (3947 4539 0748) and Xi Minghua (1153 2494 5478) and reporter He Yuming (0149 3768 2494): "Sino-Russian Nuclear Analysis Laboratory Established in Harbin"]

[Text] The Sino-Russian Nuclear Analysis Laboratory, built with funds jointly provided by the Technical and Physics Research Institute of the Heilongjiang Provincial Academy of Sciences and the Chemical Research Institute of the Far East branch of the Russian Academy of Sciences, was completed in Harbin recently and was also made available to the users.

The completion of the laboratory was the result of the positive cooperation between the Technical and Physics Research Institute of the Heilongjiang Provincial Academy of Sciences and Russian Federation scientific and technological personnel over the past years. The X-fluorescence analysis equipment and the neutron activation analysis equipment of the laboratory were organized with the highly advanced neutron source and detector provided by the Russian side and with the nationally advanced computer systems provided by the Chinese side. According to some experts in the introduction, the neutron source provided by the Russian side can be made only by the United States and Russia. This laboratory is the first of its kind in China to use this kind of neutron source to analyze neutron activities. This set of equipment is on an internationally advanced level.

According to the introduction, this nuclear analysis is the latest analysis technique developed on the basis of nuclear physics. These two sets of equipment will accurately determine the material composition and contents of the elements to be tested in a very short period of time. With the advantages of not contaminating or damaging samples and quickly testing various elements simultaneously, these two sets of equipment can be used in mining, metallurgy, coal production, petroleum production, ocean research, environmental protection, and biological science. They have vast prospects for application in China.

In addition to providing scientific research and offering service, this laboratory will be used to run Sino-Russian joint ventures, to offer X-fluorescence analysis equipment and neutron activation analysis equipment at home, to industrialize processes, to gradually expand the scale of technological cooperation, and to build Sino-Russian new technical and new materials intermediate experimental bases. So far, some units, including the rock and mine surveying institute of the PRC Ministry of Geology and Mineral Resources and the Shanghai Atomic Nucleus Research Institute of the Chinese Academy of Sciences, have decided to purchase complete sets of neutron activation analysis equipment from this laboratory.

Northeast Asia

Vice Premier Zhu Rongji Meets Japanese Guests

OW1707070092 Beijing XINHUA in English
0618 GMT 17 Jul 92

[Text] Beijing, July 17 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with a delegation from the Marubeni Corporation of Japan, headed by Kazuo Haruna, chairman of the board of the corporation, here this morning. They had a friendly conversation on the trade and co-operation between the two sides.

The Japanese guests arrived here yesterday as guests of the China council for the promotion of international trade.

Wu Xueqian Meets Japanese Minister of State

OW1707085692 Beijing XINHUA in English
0845 GMT 17 Jul 92

[Text] Beijing, July 17 (XINHUA)—Chinese Vice Premier Wu Xueqian met here this afternoon with visiting Japanese Minister of State Takeshi Noda, who is also director general of the Economic Planning Agency.

Wu and Noda exchanged views on ways of furthering Sino-Japanese friendly relations of cooperation.

Noda is here on a visit as guest of China's State Planning Commission. He will leave for a tour of Shanghai later today, and will leave for home Saturday after winding up a four-day visit to China.

Fujian Signs Agreement for First Bullet Train

OW1607142092 Beijing XINHUA in English
1407 GMT 16 Jul 92

[Text] Fuzhou, July 16 (XINHUA)—The Fujian provincial government and the Ikawa Trust Group of Japan signed an agreement Wednesday for the construction of China's first bullet train railway.

Construction of the 280-kilometer railway, which will run from Fuzhou, the capital city of eastern China's Fujian Province, to Xiamen, a coastal city in the province, is reported to cost two billion U.S. dollars. The railway is expected to be completed in five to six years. When completed, one-way traffic between the two cities will take one hour and five minutes. It is expected to handle 40,000 passengers a day.

This year, the two sides will invest 20 million U.S. dollars to form a cooperative corporation, which will be responsible for the preparation work.

In line with the agreement, the Chinese side will contribute 30 percent of the total investment, and the rest will come from the Japanese side.

Japan's PKO Bill Viewed as Arousing 'Vigilance'

HK1707023592 Hong Kong TZU CHING in Chinese
No 22, 5 Jul 92 pp 23-24

[Article by Chun Chiang (2504 3068): "Japan's PKO Bill Arouses People's High Vigilance"]

[Text] On 15 June, the lower house of Japan's Diet, under extremely abnormal conditions, forcibly passed a resolution on the dispatch of troops overseas, a resolution which has generated intense debates for years—that is, the "UN Peacekeeping Operations [PKO] Bill." The world's public opinion was shocked when the news spread. The reaction was particularly strong among the people of some countries and regions in the Asia-Pacific region.

Impatience, Forced Passage

Japan's bill on the dispatch of troops overseas was first proposed in October 1990 by Toshiki Kaifu's government. At that time, the bill restricted the sending of troops to the Gulf area alone and stipulated that the Japanese troops would only engage in noncombat, logistical missions in the Gulf. This darkly motivated bill immediately attracted the attention of many countries in the Asia-Pacific region and, moreover, encountered opposition from the majority of Japanese people. A public opinion poll conducted at that time showed that 60-70 percent of the respondents opposed the bill. Because of a deadlock in parliamentary debates among different factions, the bill went into a difficult labor. After a period of internal mediation, Kaifu, without consulting the Diet, sent four Japanese minesweepers to carry out mine-sweeping operations in the Gulf shortly after the Gulf war ended in April 1991. Six months later, encouraged by a comparative change in public opinion, that is, a drop to less than 50 percent in the opposition to the dispatch of troops overseas, the Japanese Government again presented the bill before the Diet in the hope of securing approval for participation in UN peacekeeping operations. The new bill went further than the original because, in the name of participation in UN peacekeeping operations, the dispatch of troops overseas was no longer restricted to the Gulf area. Hence, when the bill was presented, it immediately triggered an intense debate in the Diet.

After a period of debates and with the approach of heat, the passion of the ruling Liberal Democratic Party [LDP] in favor of the bill's passage also rose to unprecedented heights. They were no longer content with rambling debates and were impatient to have the bill adopted. To counter the Japan Socialist Party's [JSP] resistance, the LDP seized the chance to present before the lower house a "cabinet confidence bill," never seen before in post-war Japan's constitutional and political history, ahead of a no-confidence resolution to be raised by the JSP on the Miyazawa cabinet. On the afternoon of the 15th, before the LDP and others decided to hold a plenary session of the lower house and officially deliberate on the PKO bill, 137 parliamentarians from the JSP and four lower house members from the Social Democratic Party of Japan submitted their resignations in a bid to force Miyazawa to dissolve the Diet and call for an election, thus forcing the PKO bill's "premature death." However, the speaker of the lower house announced that the JSP resignations would be set aside momentarily while the lower house would proceed with the deliberations on the PKO bill. Under these circumstances, even though the JSP parliamentarians protested by boycotting the session, the PKO bill was eventually forcibly passed, thanks to the majority vote held by the LDP in the lower house.

Trouble Brewing for Some Time Now

The Japanese Diet's passage of Japan's PKO bill into an official law is no accident. Looking into the past and present, the bill went through a process of gradual

formation through 20 months of intense debate between the ruling and opposition parties. Looking further back, the bill is actually the natural product of a certain social ideological trend which was present for a fairly long time in Japanese society. Indeed, the trouble has been brewing for quite some time.

After Japan's defeat in the Second World War, some people in the country failed to learn from the lesson and to reflect seriously on their war crimes. A small handful of rightist extremists never stopped in their attempts to resurrect militarist speeches and actions. After the war, several governments and their high officials, either out of true intentions or of subservience to certain "pressures," fluctuated and remained ambiguous on whether or not to admit Japan's guilt over the past's war crimes. Some even publicly took the lead to visit Shinto shrines dedicated to the war dead and honored the criminals behind Japan's aggressive war. While the PKO bill's passage cannot be simplistically equated with a resurgence of militarism, it is an undeniable fact that it has provided an opening for the rightist extremist forces in their conspiracy to revive militarism. This point was clearly illustrated by foreign wire reports about people shouting "Long live military power" and "Long live the Japanese nation" in certain streets in Japan following the bill's passage.

Now, let us look at the issue from another level. Thanks to the Japanese people's industry and labor, Japan has become a top economic power of the world after decades of accumulation and development. Consequently, for some time now, some people in the country have been dissatisfied with the country's so-called international image of "economic giant and political dwarf." They felt repressed and considered their low political standing to be a "shame on the Japanese nation." Hence, they tried to reverse the situation to become both an economic and political giant. A high official from the LDP once stated: "Japan should play the role of a world political power." Meanwhile, the LDP's mainstream faction maintained: Given that Japan's gross national product [GNP] accounts for 15 percent of the world's total GNP, is second only to the United States in UN contributions, ranks second with Germany in IMF capital input ratio, and gave 13 billion dollars for the Gulf war effort.... Japan should seize the opportunity presented by the changes in the world situation to shine and become a world power not only in economic but also in political terms and gain a bigger say in world affairs. To these people, the political image should, to a very large extent, be manifested by means of military strength. Driven by this kind of psychology, they have been waiting for a chance to flex their military muscles and seek out a legitimate way to send troops overseas. Finally, they waited until this day when, using the excuse of helping the United Nations maintain peace in Cambodia, they were able to seize the opportunity and lose no time in forcibly passing the PKO bill, taking the first stride toward the goal of "political power."

Summing up, the PKO bill's passage in Japan is indeed the logical outcome of a socio-ideological trend that has existed within Japan for some time now, where some people have actively sought the status of a "political power."

Past Experience, If Not Forgiven, Is a Guide for the Future

Normally, participation in UN peacekeeping operations is each and every member state's unshirkable duty, but specifically in the case of Japan, the dispatch of troops overseas is no longer a simple matter. After all, Japan is a country with a history of aggression. It is common knowledge that after the Meiji Restoration, Japan's economic might was greatly boosted and so the country sought external expansion. At that time, due to their own selfish interests, the Western powers tolerated Japan's military expansion and thus sowed the seed for future trouble. After Japan's defeat in the Second World War, the occupation force, the United States, fearing a resurgence of Japanese militarism, laid down a constitutional provision that Japan could never send troops overseas. However, even before the century has come to a close, some Japanese have already become restless while the United States, which had earlier formulated Japan's antiwar Constitution, vigorously encourages Japan's political leaders to amend its Constitution. This truly represents an amazing parallel in history.

However, history will not be repeated simplistically. Over the past 50 years, the world has undergone a fundamental transformation. In the Asia-Pacific region, the countries which were victims of Japan in the past are no longer the same and will not tolerate domination by anyone; in Japan itself, the peace-loving forces are still the mainstream. This can be seen from two incidents: Slogans like "Down with the Diet's forcible passage of the PKO bill" and "No to Japan taking the road to war again," which were shouted immediately at the spectators' gallery at the back of the lower house when the lower house speaker announced the PKO bill's enactment; and the latest Tokyo Broadcasting Company television network public opinion poll, which showed 55 percent of respondents opposed the PKO bill.

However, the people of the world should not lose their vigilance in this way. It should be noted that given its current science and technology and financial resources, it is not difficult for Japan to become a world military power. Even though the PKO bill laid down the premise of noncombat duties and provided that the Diet's approval should be obtained for each overseas mission, no one can guarantee that a second and third step will not follow the first of sending troops overseas. Moreover, it is difficult to define combat duties and if the rulers are power-hungry, they can easily misguide the people's nationalist sentiments and stir up emotions at the Diet so that the latter can grant the powers for the government to flex its muscles. Some Hong Kong newspapers held that endorsing Japan's dispatch of troops overseas is tantamount to taking back the "head tightening curse,"

which removes the golden headband from the head of the monkey king, Sun Wukong. It is not going to be easy to trap the monkey king under Buddha's Wuzhi Mountain again. This is actually a view of great insight.

World peace and economic growth are the common aspirations of the peoples of the world today. For China, which in the past has suffered tremendously from the aggression of Japanese militarism and today aspires for a peaceful international environment that would be favorable to its modernization endeavors, it is natural for it to be very interested in the Japanese Diet's passage of the PKO bill. The PKO bill's enactment marks an important turning point in Japan's future course. Past experience, if not forgotten, serves as a guide for the future. It is hoped that the Japanese Government will think twice before taking a turn at the crossroads.

Near East & South Asia

Envoy Presents Credentials to Lebanese President

OW1507124692 Beijing XINHUA in English
1216 GMT 15 Jul 92

[Text] Beirut, July 15 (XINHUA)—New Chinese Ambassador to Lebanon Zhu Peiqing presented his credentials to President Ilyas al-Hirawi this morning.

Al-Hirawi held talks with Zhu after accepting the credentials. "Lebanon and China are friendly countries," al-Hirawi said, expressing his satisfaction with the development of relations between the two countries.

He thanked the Chinese Government and people for their consistent support for the legitimate rights and interests of the Lebanese people, especially for the implementation of U.N. Security Council Resolution 425 which calls for a total and unconditional withdrawal of Israeli troops from south Lebanon.

He wished a further development of friendly cooperation between Lebanon and China.

Zhu Peiqing arrived in Beirut on June 26. Lebanese Foreign Minister Faris Buwayz met with Zhu on July 8.

Beijing To Help Jordan With Mineral Resources

OW1607150992 Beijing XINHUA in English
1450 GMT 16 Jul 92

[Text] Amman, July 16 (XINHUA)—China is expected to help Jordan make a better use of its mineral resources under a letter of understanding signed here today, XINHUA learned.

The document, signed by representatives of the Chinese Ministry of Geology and Mineral Resources and the Jordanian Higher Council of Science and Technology, envisages provision to Jordan of Chinese expertise and information on utilizations of minerals and mineral ores.

The Chinese ministry will help Jordan's natural resources authority study the possibility of putting stones and ores found in the kingdom to industrial use.

Moreover, the Chinese side will help Jordan develop its glass production and production of glassware.

Jordan, while exporting phosphate fertilizer produced by using locally available materials, is nevertheless considered resources-poor.

West Europe

Zhao Zhihao Delegation Returns From Italy

SK1707094592 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 16 Jul 92

[Text] The delegation of the Shandong Provincial People's Government, headed by Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province, achieved great success in its visit to Italy. On the afternoon of 16 July, Governor Zhao Zhihao and the responsible comrades of the pertinent provincial departments who accompanied him on his visit to Italy returned to Jinan via Beijing. Han Xikai, Standing Committee member and secretary general of the provincial party committee, and Song Fatang, vice governor of the province, met Governor Zhao Zhihao and his entourage at the East Jinan Station and warmly congratulated them on their successful visit.

Upon the invitation of (Gianva Auli), chairman of Italy's Marche Region, Governor Zhao Zhihao led a seven-member delegation of the Shandong Provincial People's Government to pay a seven-day friendly visit to Italy from 4 to 10 July. Wherever they went, they were warmly welcomed and cordially received by Italian political, economic, industrial and commercial enterprise, and educational and cultural figures. When in Rome, (Lapuli Aula), deputy speaker of the Chamber of Deputies of Italy, met with Governor Zhao Zhihao and his entourage at the Chamber of Deputies building.

On the afternoon of 8 July, the ceremony for the formal establishment of friendly ties between Shandong Province and Marche Region was held at the conference hall of (Angna) University, a noted university in the region. Governor Zhao Zhihao and Chairman (Gianva Auli) signed the agreement on behalf of their respective governments and made ebullient speeches.

In his speech, Governor (Gianva Auli) said: The Shandong provincial government delegation, headed by Governor Zhao Zhihao, has achieved noticeable results in its visit to the Marche Region. Economic, industrial and commercial enterprise, and cultural and educational figures of the region are much interested in cooperation and exchange with Shandong and are looking forward to all-around cooperation with Shandong Province. The establishment of friendly ties between the two sides today has made a major contribution to promoting the

friendship between Italy and China and between Shandong Province and the Marche Region, thus already exceeding the bounds of the region.

In his answering speech, Governor Zhao Zhihao pointed out: The establishment of the friendly ties between Shandong Province and the Marche Region indicates that the friendly and cooperative relations between the two sides have entered a new stage. This has provided a reliable guarantee for further cooperation and exchanges in the future. In the future, we should continue to broaden the range of cooperation, take as much tangible action as possible, and strive for even more practical results as quickly as possible.

After the signing ceremony, accompanied by Chairman (Gianva Auli), Governor Zhao Zhihao met with directors of the entrepreneurs' associations in the four provinces of the Marche Region as well as responsible persons of the region's industries and commercial enterprises. Then he was interviewed by the local television station. In the interview, he briefed the local people on the situation of Shandong

Province's opening, on the range of cooperation with the outside world, and on the province's investment environment and preferential policies.

During the visit, Governor Zhao Zhihao passed on the personal hand-written message given by Li Zhen, chairman of the Shandong Provincial People's Congress Standing Committee, to (Sikeni Boni), speaker of the Chamber of Deputies of the Marche Region. The two sides pledged to further strengthen the contacts and cooperation between the Shandong Provincial People's Congress and the Marche Regional Chamber of Deputies. The delegation also reached agreement with the Marche Region on the intent to cooperate in some projects and signed some agreements in the fields of furniture, silk and satin clothing, and leather processing.

When returning home by way of Paris, France, Governor Zhao Zhihao also participated with the business opening ceremony of the (Luxin) Company, co-funded by Shandong Province and the (New Age) Group Company in Paris.

Political & Social

'Exclusive' Describes Deng's Shoudu Visit Talk

HK1707045092 Hong Kong KUANG CHIAO CHING
in Chinese No 238, 16 Jul 92 pp 6-7

[Article by Yen Shen-tsun (0917 1957 2625): "Deng Xiaoping's Talk During His Inspection of Shoudu Iron and Steel Complex"]

[Text] Deng Xiaoping Said: The Crucial Issue Is to Change Minds; Nothing Will Be Accomplished if Minds Are Not Opened

On 22 May, Deng Xiaoping inspected the Shoudu Iron and Steel Complex in Beijing and gave a talk to leaders of the steelworks and responsible officials of Beijing Municipality accompanying him on the inspection. This was another important expression of his position after his inspection tour in the south. The details of this inspection were not known to outsiders. This exclusive article reveals all.

Deng Xiaoping said: The crucial issue is to change minds. Things will be all right if minds are opened and nothing will be accomplished if minds are not open. Some people are busy all day long, but they will get nowhere because they do not change their minds and just move slowly. At present, the course is clear enough and things will depend on how you actually perform. Some people act quickly but others act slowly; some people do a good job while others do not. There are two key points: One is whether the orientation is correct and the other is whether proper steps are being made, and this is mainly a policy issue.

Deng Xiaoping Said: The Anshan Iron and Steel Complex Does Not Develop As Fast As the Shoudu Iron and Steel Complex and The Reason Lies in This Point! Why Did I Go to the South? The Reason Also Lies in This Point

Deng said: The Shoudu Iron and Steel Complex has developed rapidly in the last few years and proceeded properly. Why does the Anshan Iron and Steel Complex not develop as quickly as Shoudu? The reason lies in this point. Why did I go to the south? The reason also lies in this point. In order to solve the problem of invigorating the large and medium-size enterprises across the board, action must be taken across the board.

Deng Xiaoping Said: Many Things Cannot Be Properly Solved Merely by My Remarks

Deng Xiaoping said: What is reform? How should reform be carried out? Reform can be carried out quickly or slowly. Under the same conditions, people might not take the same action. I think that the human factor is still the primary factor. The experience of the Shoudu Iron and Steel Complex is very good and should be really emulated with a modest attitude. Some people said that Shoudu's experience is good but cannot be emulated. (Li Ximing interposed: We called on emulating the Shoudu

Iron and Steel Complex but some people required us to emulate the Wuhan Iron and Steel Complex). Many things cannot be properly solved merely by my remarks. If large and medium-size enterprises cannot become dynamic in their operations, how can we show the superiority of socialism? In the final analysis, the reason lies in the fact that people's minds have not been properly emancipated.

Pressure Should Be Applied to Some Departments

Deng said: Some people are not convinced when the idea of delegating more powers to the enterprises is mentioned. Some of them are afraid of losing power. I think that pressure must be applied to some departments. Deng Xiaoping also told officials of the Shoudu Iron and Steel Complex: If they do not move, you may call. He added: In recent years, Shoudu has turned over a handsome amount of taxes and profits, and workers enjoy good welfare benefits. It has become a leading enterprise [quan tou qi ye 2164 7333 0120 2814]. As learned from the Shoudu Iron and Steel Complex experience, we can only take the road of untying the enterprises and channeling water to raise fish. Some people are afraid of being accused of adopting capitalism whenever reform is mentioned. I am not afraid of some people pinning the label of capitalism on me.

"Even if Some People Pin the Label of Capitalism on Me, I Will Not Be Afraid"

When talking about the economic growth rate, Deng Xiaoping said: A slow development speed means a standstill and a standstill means retrogression. The national economic development plan had fixed the growth rate at 6 percent and it was approved by the National People's Congress. It seemed that whoever exceeded 6 percent would disrupt the harmonious development. I think that if the growth rate of 6 percent is rigidly kept, there will just be retrogression. Some people used to make comparisons with capitalism, saying that the growth rate in the capitalist countries was only 2 percent. It appeared that if the target of 6 percent was not maintained, things would go awry. This is incorrect.

"Resting Content With 6 Percent Growth Rate Will Only Lead to Retrogression and Cause Us To Miss the Opportunity"

Deng Xiaoping stressed: Being content with the growth rate of 6 percent will only lead to retrogression and the opportunity will be missed. Japan and Hong Kong first seized the opportune moment for their development. Many decades ago, Hong Kong could not match Shanghai, but now, Shanghai lags far behind Hong Kong. We must mount the third stage. If we keep the growth rate of 6 percent, I do not think we shall be able to mount the third stage.

Deng Xiaoping said: Without lofty aspirations and firm determination, we shall not be able to mount this third stage. A low growth rate will only please foreign powers.

How can some people withstand the pressure and continue to raise their growth rates? An important reason is that they had lofty aspirations and firm determination. Shenzhen's growth rate was as high as 47 percent, so it could develop into what it is today.

Financial Departments Should Say Less

Deng Xiaoping said: If reform is carried out smoothly from now on, then a reform pattern will take shape in two to three years and will play a very good role. Then, tremendous changes will occur in the national strength, tax-profit revenue, foreign exchange earnings, and the scientific and technological conditions of the state. How can we not adopt the method of channeling water to raise fish? Some departments still refuse to relax control. The financial department should say less. I think if the financial department adds some wax [zuo dian la 0155 7820 5198], the growth rate will be raised. (KUANG CHIAO CHING editor's note: The meaning of "adding some wax" is to relax control and add some lubricating oil to make things more dynamic.)

Not Many People Understand Economics; Zhu Rongji Is Quite Capable in This Connection

Deng Xiaoping said: Reform must adhere to two points. One is that the enthusiasm of the enterprises must not be dampened and the other is that the living conditions of the masses must not be affected. At present, we should study economics. Not many people understand economics. I do not understand, but I know who talks correctly and who talks incorrectly. Zhu Rongji is quite capable in this connection. I think one cannot be regarded as qualified if one does not understand economics, no matter how strong one may be in the political aspect.

During the inspection, Deng Xiaoping repeatedly pointed out the need to emulate the Shoudu Iron and Steel Complex. He said: Our country has 1.2 billion people and must have 100 million tonnes of steel. Our steel output now is still several tens of million tonnes short and the gap has to be filled with imported steel, which costs a large amount of money. Why can't we take action to solve this issue? This would enable us to save much foreign exchange. Shoudu now exports its steel products and has won a foothold in the international market. In 1985, I wrote an instruction about doing a better job with Qianan but nobody took note of this. Why did we not take action to solve this issue? It is necessary to conscientiously emulate the experience of the Shoudu Iron and Steel Complex.

Deng Xiaoping Inspected the Northeast in June, Accompanied by Zhu Rongji

After inspecting the Shoudu Iron and Steel Complex on 22 May, Deng Xiaoping started another inspection tour to Northeast China. At that time, he required that Zhu Rongji, vice premier of the State Council, join his inspection tour and accompany him during the inspection. According to reliable sources in Zhongnanhai, after

the inspection tour to the south, Deng Xiaoping again inspected the Shoudu Iron and Steel Complex and the northeast. This showed that he was determined to quicken the pace of reform and opening. The northeast is China's heavy industry base. State-owned enterprises account for a large proportion there, but many of them have incurred serious losses in their operation. Deng Xiaoping's inspection of the northeast will help solve the problems existing in the state-owned enterprises. More importantly, this will have encouraged leaders in northeast China to further emancipate their minds and advance reform and opening there as quickly as possible.

Election of Deputies to 14th Congress Discussed

HK1707081792 Hong Kong TANGTAL in Chinese
No 16, 15 Jul 92 p 8

[Article by Lu Yu-shan (7627 6276 2619): "Election of Delegates to 14th CPC National Congress Shows Difficulty of Removing 'Leftist Princes' in State Council Departments and Affiliated Organizations"]

[Text] The eagerly awaited election of deputies to the 14th CPC National Congress stirred great interest among Beijing citizens.

The moment the conference of party representatives of the Work Committee of Organs Under the CPC Central Committee concluded at 1730 on 24 June, word spread that Deng Liqun, Wang Renzhi, Xu Weicheng, and Gao Di had lost the election. Among the nine people who failed to be elected, Deng Liqun ranked eighth, receiving fewer votes than any other candidate but one.

Among the losers were Wan Shaofen, deputy director of the United Front Work Department and Liu Zepeng, deputy director of the Central Office for Taiwan Affairs. Liu Zepeng, who once served as Song Renqiong's secretary, was introduced by the latter to Chen Yun. After the 4 June incident, Liu was promoted to the position of deputy director of the Organization Department under the CPC Central Committee and he later promoted his wife to the deputy directorship. Because of this, people complained considerably about him.

Wang Renzhi and Gao Di were among those holding primary responsibility in organs under the CPC Central Committee who lost the election. Both the Propaganda Department and RENMIN RIBAO submitted four candidates. Half of the Propaganda Department's candidates lost, including its top two nominees. However, three of RENMIN RIBAO's candidates were elected. They include Shao Huaze, deputy director and concurrently editor-in-chief, and Li Jinyou, deputy director and concurrently secretary general. Shao and Li were two major generals sent to RENMIN RIBAO by the military following the 4 June incident.

In contrast, this was not the case the previous week at a conference of party representatives of the Work Committee of Central Government Organs when word was circulated that such leftist figures as He Jingzhi, He

Dongchang, Yuan Mu, You Wen, and Ai Zhisheng were elected deputies to the 14th CPC National Congress.

Of course, elections conducted by the party representative conferences of the two work committees of central organs had not necessarily "removed leftism thoroughly." Wang Weicheng and Wei Jianlin, two famous ultra-leftists of the party representative conference of the Work Committee of Organs under the Central Committee, were elected. After assuming office as director of the Central Policy Research Office, Wang Weicheng, who was Li Xiannian's secretary in his early years, and Wang's secretary both took bribes worth 4,000 yuan. The secretary was given the severe punishment of expulsion from the party but was exempted from criminal prosecution, while Wang, relying on Li Xiannian's protection, received only an inner-party disciplinary warning which was not transmitted to subordinate organs. In other words, he was punished secretly. While serving as Deng Lique's secretary in 1987, Wei Jianlin went so far as to revise Hu Yaobang's written self-criticism. Denounced following the discovery of the case by Hu Yaobang, Wei thus became notorious throughout the party. Reprimanding him, Deng Xiaoping said: "A person like this is in no way qualified to work in the Central Committee." However, Wei remained within Deng Lique's domain—assuming the deputy directorship of the Central Party Literature Research Center.

The party representative conference of the Work Committee of Central Government Organs naturally did not thoroughly purge rightism. Hu Qili, who left office after the 4 June incident, was elected and Yan Mingfu, who was not a candidate, received four votes. Leaders were quoted as saying before the election that the central authorities hoped consideration would be given to Hua Guofeng, Ji Pengfei, and Rui Xingwen. However, among them Rui Xingwen still failed to be elected. The election results of the Work Committee of Central Government Organs depended on Secretary Luo Gan. It has been reported that to ensure the election of candidates who should be elected, he strictly controlled the voting of deputies from various departments urging them to vote in accordance with the "central requirements."

It was also very interesting that the candidates who garnered the most votes in the two representative conferences were Hua Guofeng from the Work Committee of Central Government Organs and Hu Deping (Hu Yaobang's eldest son) from the Work Committee of Organs Under the Central Committee.

Evidently, the fact that Tang Wensheng, a "figure during the Great Cultural Revolution," was elected shows that in the eyes of party members, contemporary leftist figures are inferior to those during the Great Cultural Revolution.

Anti-Drug Abuse Film Reveals 300,000 Addicts

HK1707062192 Hong Kong THE STANDARD
in English 17 Jul 92 p A-10

[Text] A 16-year-old named Gu Lin lays writhing on the roof of his rundown house, his body suffering from acute drug withdrawal symptoms. He has been an opium and heroin addict since he was nine.

"I didn't want to go back to my house," he tells a television interviewer. "I was afraid of people who would coax me back into addiction."

This is the reality of Drugs in China, an internal video film being shown to selected groups of Chinese and not yet available to the general public or foreigners, in part because it belies the sanitised official version of China's drug problem.

"Drug smoke is more ferocious than a tiger," intones a narrator, setting the tone for a chilling documentary replete with funeral music, children shooting up heroin and images of so-called drug rehabilitation centres that are little more than jails.

The 55-minute film is aimed both at intimidating young would-be drug users and at mobilising local leaders for the crackdown on drug abuse.

It has been distributed to government offices and work units in recent months for "internal" viewing, and for use in mandatory political study sessions.

A joint effort of the National Narcotics Commission, the Ministry of Health and the Ministry of Public Security, the film "is non-fiction and almost all is taken from actual live footage", says a preface to the video.

Among its disclosures are that the number of drug addicts in China number at least 300,000.

Science & Technology

Progress in Basic Scientific Research Viewed

HK1507040392 Beijing RENMIN RIBAO in Chinese
11 Jul 92 p 1

[Report: "China Makes Sustained, Steady Progress in Basic Scientific Research"]

[Text] China's basic scientific research is entering a new stage of sustained and steady development. At present, the Chinese Academy of Sciences [CAS] has 32 research institutes which are mainly engaged in basic research; institutions of higher education have nearly 100 fair-sized research organizations (most of which are engaged mainly in basic research). The state has set up 77 key state laboratories whose equipment reaches the world's intermediate level or above. Industrial, agricultural, and public health departments, and provinces and cities, have also strengthened or newly established a number of

basic research organizations. The environment and conditions for basic research across the country have improved remarkably.

Basic research is the precursor and source of new technologies and new inventions and is the cradle of training for high-caliber scientific and technical personnel. Over the past 12 years or so, China has completed a dozen or more large projects, including Beijing's electron-positron collider, Lanzhou's heavy ion accelerator, Hefei's synchrotron radiation accelerator, high-capacity laser experimental facility, controlled thermonuclear reaction HT-6H experimental facility, solar magnetic-field telescope, China's circulation machine [huan liu qi 3883 3177 0892] No. 1, low-temperature nuclear heat pile, and tandem electrostatic accelerator. In 1988, the State allocated additional operating funds for large installations so that these installations could play their roles smoothly.

In order to further strengthen basic research, the State Council decided to set up the State Natural Science Foundation Committee in 1986. In the seven years since, the state has increased the Foundation's funds from its original 80 million yuan to its present 220 million yuan. Moreover, the CAS, relevant departments, and many provinces and cities have also set up special science foundations, local science foundations, and youth science foundations, thus effectively coordinating and financing basic research work throughout the country. In addition, since last year, major basic research items have been selected which are important to, and bring about, China's overall economic development and technological progress for implementation through the state's mandatory means. During the Eighth-Five Year Plan, 30 such items are planned and will be organized for implementation. The introduction of these major items is good for attracting a number of academic leaders to form a high-caliber research contingent and to make breakthroughs in some important areas where we are in a better position.

Given the situation of reform and opening up, scientists in China are struggling at the forefront of basic scientific research. Their academic levels are gradually rising, as is their international status. China is one of the leading countries in the following research areas: High critical temperature superconductors; machine-proven mathematical theorems; discovery of such functional crystals as mataboric barium [pian peng suan bei 0252 4296 6808 9468]; discovery and research into five-times symmetry [wu ci dui cheng xing] and titanium-nickel quasi crystal [tai nie zhun jing xiang]; stability of differential power system; the Uncorrelated Steiner Ternary System [bu xiang jiao Steiner san yuan xi da ji 0008 4161 0074 Steiner 0005 0337 4762 7162]; theoretical methods for graphs of molecular orbit; artificial synthesis of yeast-alanine converted ribonucleic acid; and the modification of protein functional genes and the quantitative relations between their bioactivities.

During the Seventh Five-Year Plan, a total of 238 research results were awarded State Natural Science

Awards across China, a number of which obtained international high-level scientific awards such as the Einstein World Science Awards. The number of theses published by Chinese scientists in major international academic journals is increasing annually. In the meantime, the application of basic research results to society and production has been greatly expedited.

China has formed a contingent of comparatively high-caliber scientific research personnel. A number of scientists have been awarded by international scientific organizations and academic bodies for their outstanding achievements in scientific research. A total of 364 scientists are working in international academic organizations and many outstanding scientists have been appointed as fellows by some overseas science academies. It is estimated that some 100,000 of this contingent are devoted to basic research, of whom approximately 30,000 are actively engaged in basic research. With the establishment of the doctor and graduate student system, trial use of the post-doctorate research system, the relaxed and democratic environment and conditions, amenable to the production of new ideas and outstanding personnel, have gradually been improved. With the steady development of basic research, a contingent of highly-trained basic research personnel, headed mainly by middle-aged and young academic personnel, is being strengthened.

Editorial Stresses Basic Research

HK1507040592 Beijing RENMIN RIBAO in Chinese
11 Jul 92 p 1

[Editorial: "Luxuriant Leaves Come Only With Deep Roots—on Augmenting Basic Scientific Research"]

[Text] Comrade Deng Xiaoping's remarks during his tour of southern China have greatly encouraged the entire party and people of all nationalities across the country to expedite reform and opening up, concentrate energies to boost the economy, and continuously advance along the socialist road with Chinese characteristics. In his remarks, Comrade Xiaoping once again repeated the need to bring into full play the role of science and technology as the primary productive force. He clearly said: "In developing science and technology, the higher the better, the newer the better; when they are higher and newer, the people are happy and so is the country." This is a high criteria and demand set for science and technology work under the new circumstances. The scientific and technological front must take action to expedite reform of the science and technology system, allow the free flow of talented people, strengthen the conversion of scientific and technological results into production, and better gear them to economic development, which is the major battlefield. In the meantime, it is necessary to make great efforts to stabilize and strengthen basic research, strengthen the development of key scientific and technological projects, enhance the trailblazing and self-development level with respect to science and technology, and improve the scientific and technological strength and stamina so that science and

technology can play a larger role in China's economic development and social development.

The main objectives of basic scientific research are to explore the essence of the natural world, discover the laws of evolution and the development of nature, improve man's rational understanding of the natural world, and offer powerful theoretical weapons and methods for transforming nature. In modern times, progress in scientific understanding and in advanced technology support and keep pace with each other. That science is improving and changing daily promotes the prosperous development of technology. With regard to the development of science and technology, whoever brings forth more new ideas, reaches a higher level, and makes a greater breakthrough will be in an active position. For a vast country like China to have a role in international scientific and technological competition, it must possess the ability to bring forth new scientific and technological ideas and develop them on its own. Independent development demands that we have our own basic scientific research strength and contingent and that we must depend on the new ideas, new concepts, new inventions, new technologies, and new methods produced by basic research. Therefore, basic scientific research is a huge driving force for national economic and social development and has very profound significance.

Since the founding of the PRC, from a far-sighted perspective, the CPC Central Committee and the State Council have always attached importance to and cared for the development of basic research work. With arduous efforts over the past 40 years and more, China now possesses a number of comparatively strong basic scientific research organizations, has built up a contingent of outstanding scientific research personnel, and has obtained a number of important and world-renowned achievements. As for science and technology, China has already formed a strategic layout at three levels, namely: "directly geared to economic development," "high-technology development," and "basic research." At present, the overall layout of China's scientific and technological development is "stabilize one end and relax restrictions on an area [wen zhu yi tou fang kai yi pian 4489 0145 0001 7333 2397 7030 0001 3651]." That is to say, while we are mobilizing vast numbers of scientific and technological workers to forward economic development, which is the major battlefield, we must vigorously and continuously strengthen the research into basic science and make great efforts to scale the heights of the world's science and technology.

In order to usher in a new situation for basic research, it is not only necessary to understand the great significance of this work from a new plane and form a consensus in society, but also to adopt a series of powerful and effective measures, including: Improving and formulating policies conducive to the research into basic science; increasing necessary research funds; offering more modern research means; and so forth. This will create a relaxed and democratic stable environment and

conditions which are conducive to the production of new ideas and outstanding talented personnel. There is only one aim: Make breakthrough achievements, nurture high-caliber talented personnel, scale new heights, and serve the expediting of economic development.

Government's directly organizing and motivating key basic research projects is a trend for the development of science and technology in the world today. Therefore, the state must support, through scientific funds and other means, scientists (individuals or collective) in putting forward, according to their own special skills and intentions, self-selected questions for study and key issues among the priorities in scientific development. On the other hand, it must organize and implement some key basic research projects that will have an overall influence on and bring about the country's development and scientific and technological progress, and which are recognized by China's scientific and technological circles as key basic research projects. The implementation of these major projects is conducive to making thoroughgoing preparations for science and technology work; training and nurturing a number of academic leaders to form a high-caliber research contingent; and concentrating strength on and making breakthroughs in some important areas where we have a dominant position.

Strengthening a number of scientific research organizations engaged in basic research; properly developing and operating such large scientific projects as Beijing's electron-positron collider and a number of state key laboratories and open departmental laboratories; and forming state-level basic research bases making arduous struggles on the international academic front, are of great significance to the development of China's basic research, long-term economic development, and social progress. It is necessary to strengthen the accumulation of basic scientific data, set up systematic scientific data banks, promote exchanges and connections between international and domestic data, and thus offer accurate, rapid, and convenient scientific data and information services to scientific research, economic development, and social development.

It is necessary to bring into full play the roles of old, middle-aged, and young scientists, and respect their fruitful labor. The courage of scientists of the older generation to tackle difficult problems and their spirit of forming a human ladder of cooperation should be a spiritual wealth to be inherited from generation to generation. It is necessary to make the best of the advantages of middle-aged and young people with respect to their active minds, full vigor, and the ease with which they can smash the trammels of old ideas and maintain a crack force that can continuously regenerate as an active driving force in the continued development of basic research. It is necessary to create conditions and allow young academic leaders to struggle arduously on the international scientific front. Moreover, it is necessary to enable outstanding personnel to open up new research areas or to participate in the work of applied research and scientific and technological development in light of

actual needs and of their personal aspirations and interest. Experiences of scientific and technological development around the world tell us that it is necessary to form a highly-trained basic research contingent and cause it to understand and come into contact with the latest information at home and abroad, strengthen exchanges, continuously absorb new knowledge, and always be filled with vitality, so that basic research achievements and talented people will be continuously pushed toward the domain of applied technology and serve economic development and social progress.

Luxuriant leaves come only with deep roots. Only by observing and handling problems by standing on the plane of the latest scientific ideas and achievements can a nation thoroughly eradicate ignorance and backwardness and release and develop productive forces to consequently stand proudly in the family of nations. Our ancestors wrote a glorious chapter with four great inventions in the history of human civilization. Today, under the leadership of the CPC and with the encouragement of the spirit of Comrade Xiaoping's remarks, we will definitely be able to make greater contributions to China's development and to the world's prosperity with the latest achievements of modern science.

Qinghai Satellite Center Construction Begins

HK1307094192 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 2 Jul 92

[Excerpts] The construction of the Qinghai Satellite Remote Sensing Information Service Center has recently started. [passage omitted]

The Qinghai Satellite Remote Sensing Information Service Center is a project built with investment made jointly by the Qinghai Provincial Planning Commission and the State Meteorological Administration under the auspices of the Qinghai Provincial Meteorological Bureau.

The project includes a meteorological satellite signal reception and processing system, a satellite ground resources processing system, and a ground meteorological satellite information supervision and relay network which links all meteorological stations across the province.

In accordance with the existing plan, the construction of the Qinghai Satellite Remote Sensing Information Service Center is to be completed in 1993.

Economic & Agricultural

State Council Spokesman Views Jan-Jun Performance

OW1607132692 Beijing XINHUA Domestic Service in Chinese 0758 GMT 16 Jul 92

[By RENMIN RIBAO reporter Zhang Guorong (1728 0948 2837) and XINHUA reporter Wu Shishen (0702 1102 3234)]

[Text] Beijing, 16 Jul (XINHUA)—The State Council Spokesman Yuan Mu briefed Chinese and foreign reporters today on China's economic situation in the first half of the year. In his briefing he pointed out: With the encouragement and guidance of Comrade Deng Xiaoping's important talks made during his southern China inspection tour, China's reforms and opening up as well as economic construction have entered a new stage of accelerated development, and the trend of high economic growth has been new in recent years.

Using authoritative statistical data and facts, Yuan Mu described four remarkable features of our country's current economic situation:

The national economy develops rapidly. The gross national product in the first half of this year was 950.1 billion yuan, up 10.6 percent from the corresponding period last year. Industrial production grew steadily. The industrial output value of enterprises at and above township level rose 18.2 percent. The rural economy continued its all-around development, with summer grain output amounting to 103.2 billion kilograms, topping the record high of 1990. Fixed assets investment picked up rapidly, with investment by state-owned enterprises up by 32.9 percent. The consumer market is brisk and stable, with retail sales of social commodities at 524.6 billion yuan, a rise of 14 percent. Such a growth in the national economy indicates that China's economy has entered a period marked by comparatively rapid economic growth, in contrast to the stable recovery of last year.

Reform has been noticeably deepened. Since the beginning of this year, a series of reform measures have been adopted to give enterprises decision-making power in operations; to reform the internal system of enterprises; and to experiment on the joint-stock system, with emphasis on changing the operating mechanism of enterprises. Enterprises have been urged to subject themselves more to market forces. At the same time, more attention has been paid to carrying out supportive reforms in order to improve the external environment of enterprises, and new steps have been taken to change government functions, to establish and improve the social labor security system, and to cultivate and build the market system. Grain is now sold at the state purchase price, while the prices of some capital goods and rail fares have been readjusted. Housing reform in urban areas has been started gradually, and its pace is being accelerated. Reform of the management system for science and technology as well as educational reform are proceeding smoothly, speeding up the conversion of scientific and technological achievements into actual productive forces. The efforts to emancipate people's mind and deepen reform have become an important motive force for accelerating economic development in China.

The field and scope of opening up to the outside world has been further expanded. Since the beginning of this year, the Chinese Government has approved the opening of 28 cities and eight areas in the Chang Jiang Valley, as

well as 13 border cities in the northeast, southwest, and northwest regions. A structure of multi-echelon openings on every side has been formed, consisting of the east coast open areas; the Chang Jiang Valley and adjacent areas, with Shanghai's Pudong development area as the main project; and the inland regions around provincial capitals. The policy of using foreign capital has been further relaxed, and foreign investment has been gradually extended from the production field to banking, trade, commerce, transport, tourism, and other tertiary industries. In the first half of 1992, China approved 13,047 foreign direct investment projects, an increase of 160 percent over the same period last year. The new projects have a contract investment value of \$14.6 billion, up 220 percent as compared with the corresponding period last year. So far projects worth 3.2 billion have been carried out, up 95.6 percent from the first half of 1991. Foreign trade continued to expand, with total import and export volume reaching \$68.7 billion, a 20.1 percent increase. Further opening up to the outside world has promoted the development of the export-oriented economy and has injected new vitality into national economic development.

The overall situation of the economic operation is comparatively stable. At present a basic balance exists between total social supply and total social demand, with an ample supply of major industrial and farm products. The economic returns of industries have picked up somewhat, with a 15.7 percent rise in profit delivery and tax payment by industrial enterprises within the state budget. Incomes of Chinese inhabitants have witnessed large increases, while the general index of commodity prices remains stable with roughly a 5 percent increase in retail prices in the first half of this year. State revenues have outstripped expenditure, and the foreign exchange reserve continues to increase. This situation shows that, generally speaking, comparatively fast economic growth is normal and positive.

Yuan Mu said: Over the last 13 years, China has made great achievements in reform and opening up and has raised its economic construction, the people's living standards, and its overall national strength to a much higher level. The economic retrenchment in recent years has further harmonized economic relations and created the conditions for accelerating the development of the national economy. All localities in China are very enthusiastic in speeding up reform, opening up, and economic development, thus rapidly increasing social demand. For this reason it is objectively inevitable for China's economy to enter a period of rapid growth.

He emphatically pointed out: In the economic operation there also exists problems which merit attention. The major ones are the excessive investment in fixed assets; too many new construction projects; the irrational investment structure; sluggish economic structural readjustment; conspicuous structural contradictions; poor economic returns of enterprises; excessive increase of loans; and failure to withdraw surplus paper money.

These problems call for great attention and must be solved in order to ensure continued healthy development of the national economy.

Yuan Mu said: While accelerating the pace of economic development, the State Council particularly emphasizes the need to take a new road of both rapid growth and high efficiency. In taking the new road, we should transform the operational mechanism of enterprises; step up the adjustment of the economic structure; develop the export-oriented economy; accelerate scientific and technological progress; stress both quality and efficiency; and shift from extensive operation to intensive operation. Only in this way can we maintain the vitality of economic development as well as the basis for further development, and achieve a lasting, rapid, and sound development of the national economy.

Yuan Mu also answered questions raised by Chinese and foreign reporters with respect to economic growth rate, the role of market forces, and deepening of reforms.

Enterprises' Environment Focus of Change

OW1607080592 Beijing XINHUA in English
0752 GMT 16 Jul 92

[Text] Beijing, July 16 (XINHUA)—China has accelerated its reform and opening to the rest of the world since the beginning of this year in line with the policies expounded by Deng Xiaoping.

Yuan Mu, a spokesman for the State Council, told a news conference today that the Chinese Government has urged industrial enterprises to gear still more to the market.

The new policy includes returning decision-making to enterprises, reforming internal organization and experimenting with share holding.

Yuan said China has been busy changing the environment and functions of the enterprises, including the establishment of social welfare responsibilities and marketing system.

He said the grain price was raised this April to match the state purchasing price and the price of some production materials and rail fares had also been adjusted.

Housing reform is under way in urban areas and the structural reform in science, technology and education is being implemented.

Turning to China's opening policy, Yuan said that 28 cities and eight areas in the Yangtze River Valley and 13 border cities in the northeast, southwest and northwest had been opened this year. A new structure has been formed with the Yangtze Valley and Shanghai's Pudong Area—the key and provincial capitals the core.

Foreign investment in production has been expanded to banking, trade, commerce, communications, tourism and the service sector.

China approved 13,047 foreign investment projects with a contract investment value of 14.6 billion U.S. dollars in the first half of this year. So far projects worth 3.2 billion U.S. dollars have been carried out.

From January to June this year, China's total import and export volume reached 68.7 billion U.S. dollars. Exports climbed by 17.3 percent but imports rose by 23.4 percent.

Yuan said that the extension of China's reform and opening policies has helped promote the export-oriented economy and inject new vitality into national economic development.

Move Toward Market Without Privatization

OW1607101092 Beijing XINHUA in English
0958 GMT 16 Jul 92

[Text] Beijing, July 16 (XINHUA)—China will further develop mechanisms of the market economy and give full play to market regulation but will not be engaged in privatization, according to State Council Spokesman Yuan Mu here today.

"This is the direction of reform that has been decided by the Chinese Government," Yuan told a news conference.

"It means that the role of market will be given full play while the present structure of ownership will not change," he added.

He said that China's reform in the past decade had proved such a direction to be correct. In view of the future trends, he added, China will further use market mechanisms and enlarge the scope of market regulation.

Further establishment of market mechanisms represents the trend of China's economic reform, said Yuan, adding that it will inject vigor into the national economy, further promote its development, and move the operation model of the Chinese economy closer to standard practices in the world.

"Therefore I believe it will have a positive impact on China's further opening to the outside world and the world economy as a whole," he said.

Yuan pointed out that market mechanisms and market regulation have been developed under the principles of socialism. It means public ownership will continue to be the mainstay while developing other economic sectors as supplements and the principle of distribution according to work will remain unchanged, he said.

The years of reform in China proved that public ownership, as the foundation of the socialist economy, was not contradictory to the use of market mechanism, Yuan argued.

The merits of market mechanisms can be put into play under the conditions of socialism, not necessarily engaging in privatization, he said.

While giving full play to market regulation, the spokesman continued, China will try to avoid restrictions and negative impacts of the market through macro-control from the state and by making the best use of both planning and market.

Yuan said that to make the economy grow at a comparatively higher rate and with better returns, China will continue to adhere to and deepen its policy of reform and opening to the outside world, strive to transform the operation mechanisms of enterprises and make them market driven.

Urban Strategy Encourages Small, Medium-Size Cities

HK1607082692 Beijing CHINA DAILY in English
16 Jul 92 p 1

[By staff reporter Li Hong: "State Lifts Control on Urban Expansion"]

[Text] China is turning its back on strict control of urban expansion as the country's development speeds up.

Cui Naifu, Minister of Civil Affairs, said in a recent report, the government was switching to a more flexible urbanization policy, encouraging the growth of small and medium-sized cities, while curbing the growth of big cities like Beijing and Shanghai.

He said there will be a much faster urbanization rate in China at the end of the century, as a result of accelerated industrial and commercial expansion across the country.

Cui said more new cities would be opened, and suggested the number of big metropolises be kept at its present level, while that of medium-sized cities should grow by 50 percent and that of small rural towns be doubled in the years running up to 2000.

But he didn't predict the country's overall urbanization rate in the years to come.

China's urban residents now make up about 27 percent of the population, under an urban growth rate of 19.48 percent per year since 1990.

"The reform and open policy has augmented the country's industrial production and enriched commercial sales, which have led to faster urbanization," the minister said.

The Urban Programming Department under the Ministry of Construction and the Development Analysis Department under the State Council Centre for Economic and Technological Development are studying China's future urbanization process.

An official with the Ministry of Construction revealed the government had already been forced to readjust its previous policy of strictly controlling urban growth.

She cited Bao'an County, a former suburban area of Shenzhen which has just been urbanized, was "a natural result" of the special economic zone's industrial development.

She also said Longgang Town in Zhejiang Province, which was set up on farmland by collecting wealthy farmers there to develop industry, was heading "in the right direction" towards urbanization.

The official even said the practice of some towns selling urban dwelling permits to farmers, was common.

Prior to 1980, only a small portion of farmers, usually living in suburban areas, were allowed to become urban residents. An urban resident certificate is needed to get a city job and government-subsidized grain, oil, housing and other benefits.

The rural household contract responsibility system, adopted in the late 1970s, freed large numbers of farmers from the land and propelled the birth and rapid growth of township enterprises in the countryside.

"Industrial development often goes hand-in-hand with urbanization," the official said.

She didn't think newly established cities had outgrown the need created by economic expansion, saying the urbanization rate is continuing at a reasonable rate.

'Roundup' Views Development of Huang He

OW1607141592 Beijing XINHUA in English
1356 GMT 16 Jul 92

["Roundup: Huang He, A Dragon Ready To Take Off"—XINHUA headline]

[Text] Jinan, July 16 (XINHUA)—When the world entered the 1990s, people living along the Huang He gladly noticed that lady luck was showing them a smiling face.

Since China started to carry out the drive to open to the outside world, its coastal areas have been bustling for over a dozen years with various trade talks and fairs, and foreign-funded enterprises have been mushrooming. As a result, people in the Huang He Valley suspected that they had been neglected.

However, in the past few years things have begun to change as more and more foreign businessmen have begun to shift their attention to the provinces and autonomous regions along the Huang He.

From January to the middle of June this year Shandong Province, on the lower reaches of the river, ratified the setting up of 1,290 foreign-funded enterprises, up 277 percent compared to the same period of last year, with contracted foreign funds totalling 1.314 billion U.S. dollars, up 358 percent.

The numbers of newly ratified foreign-funded enterprises during the same period in Henan, Shanxi,

Shaanxi, Gansu and Qinghai provinces, and the Ningxia Hui and Inner Mongolia Autonomous Regions—all lying along the Huang He—all doubled or redoubled that in the past few years.

In addition, many international organizations and foreign governments, including the United Nations Development Program, the World Food Program, the World Bank, the Asian Development Bank, the European Community, Canada, Japan, Germany and Australia, have designed programs in the provinces and regions along the river.

The Huang He was the birthplace of the Chinese nation. As early as 3,000 years ago, the Huang He Valley had become the most developed area in the world, and for a fairly long historical period it was the political, economic and cultural center of China.

For various reasons, development of the river valley slowed down in the late 1880s, and its economic progress was gradually outstripped by those of the other major river valleys of China, such as the Yangtze and Pearl River Valleys.

However, economists predict that the Huang He Valley will undoubtedly regain its prominent position in China's economic makeup under the state's opening and reform drive.

"It is a river abundantly endowed with natural resources," said Tong Dalin, a leading economist. "This is the critical factor which decides the future development of the place".

In terms of energy, the valley boasts three of China's four largest coalfields—the Qinshui Coalfield in Shanxi, the Shenfu Coalfield in Shaanxi and the Dongsheng Coalfield in Inner Mongolia. There are also four large oilfields along the river—the Shengli, Zhongyuan, Changqing and Yanchang Oilfields. With eight large hydropower stations, the river is rich in electricity as well.

As for minerals, 138 kinds of mineral ores have been found in the valley, 88.5 percent of the country's mineral species; the reserves of salt, aluminum and gold in the valley occupy significant positions.

The Huang He Valley is comparatively well developed in communications and transportation facilities. The Lanzhou-Lianyungang section of the Eurasian bridge runs parallel to the river, and the Beijing-Guangzhou, Beijing-Shanghai, Baoji-Chengdu and Jiaozuo-Zhicheng railway lines all connect the south and north parts of the valley.

The region boasts a number of festivals, including one to celebrate the ancient capital of the Song Dynasty (960-1279) in Kaifeng, the Weifang International Kite Festival, the Zibo International Glassware Art Festival and the Mount Taishan International Mountaineering Festival.

Along with the process of the opening drive, provinces along the river are all making concerted efforts to

improve their investment environments. Several major high-grade roads are being built, and airports and railway stations in Jinan, Zhengzhou and Taiyuan will either be built or expanded.

The state has also begun to pay more attention to the development of the valley in recent years. So far, four state-level new and high-tech development zones have been established in Jinan, Zhengzhou, Luoyang and Xi'an, respectively. All are major cities on the south bank of the river.

"Foreign investors will find that they can earn as much money here as in the coastal areas, or even more," said Yang Guangxin, deputy director of the Administration Committee of the Xi'an Development Zone. He added that his zone is enjoying preferential policies equal to those in the coastal special economic zones.

The provinces and autonomous regions have also joined hands to promote their economic development. A few years ago they spontaneously organized the "Huang He Economic Coordination Belt".

Xu Zhenji, director of the Shandong Economic Co-Ordination Office, said, "The provinces and regions along the river share a goal, that is, to rejuvenate the economy of the valley."

Beijing To Tighten Control on Credit Loans

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1246 GMT 16 Jul 92

[Text] Beijing, July 16 (XINHUA)—A top Chinese banker said that tightening control on credit loans must be one of the major tasks for the banks in the later half of this year.

Vice-Governor of the People's Bank of China (PBC) Guo Zhenqian told presidents of PBC's branch banks across the country at a national working meeting convened here today that the general financial situation between January and June this year is basically sound, with the bank deposits leaping by a big margin.

However, he said, bank loans during this period have greatly expanded while the amount of currency that has been withdrawn from circulation has decreased compared with the same period in 1991. He did not give exact figures.

This year, the bank has made total loans of 19 billion yuan to help enterprises clear the debt defaults, and put in 9.9 billion yuan more than previous years for the purchase of sugar and cotton, in addition to an increase of 4.59 billion yuan in loans to support the agricultural production and the development of township enterprises, according to Guo.

Guo said that the expansion of credit loans has mainly stemmed from the increase of investment in fixed assets.

Statistics show that the investment in the fixed assets in the first six months amounted to 127.3 billion yuan, up 32.9 percent as against the same period for the last year.

Guo pointed out that though the expansion of credit loans is reasonable and necessary since the country's economy has kept growing at a rate of over 10 percent, the fact that some enterprises operate at a loss and the huge stockpiling of products deserve attention.

The vice-governor asked local banks to tighten the control on credit and loans. "No bank is allowed to breach the credit scale set by the central government for the whole year," he stressed.

He said the bank loans for the latter half of this year should go mainly to the purchase of grain and side-line products, the import of commodities under the state plan and the support of economically efficient state-run enterprises.

However, Guo promised the central bank will try to raise enough capital funds to support the economic expansion in the Yangtze River Delta, the Pearl River Delta, the regions along the Yangtze River and the border areas.

At today's meeting, Guo revealed that from January to June this year, Chinese individuals put another 133.4 billion yuan into banks, pushing the personal bank deposits to a total of 1,044.1 billion yuan.

Zhu Rongji on Converting Enterprise Mechanism

HK1507132192 Beijing RENMIN RIBAO in Chinese
1 Jul 92 p 2

[Article by Zhu Rongji: "Several Questions on Formulating Regulations Governing Transformation of Enterprises Operational Mechanism"; first paragraph is RENMIN RIBAO editor's note]

[Text] The journal ZHONGGUO FAXUE [CHINA SCIENCE OF LAW] sponsored by the China Law Society is to publish, in its 1992 No. 4 issue, Vice Premier Zhu Rongji's speech delivered at the National Work Conference on Economic Restructuring on 10 January 1992. The full text is as follows.

Enterprise reform is the key link of the entire economic restructuring. The reform's focus this year is enterprise reform, especially the conversion of the operational mechanism of enterprises under ownership by the whole people.

In implementing the "Law on Industrial Enterprises Under Ownership by the Whole People" (shortened as the "Enterprise Law" hereafter) in recent years, various localities have done a lot of work in pushing enterprise reform, and have universally implemented the contract management responsibility system while conducting experiments on the shareholding and leasing systems, and the separation of taxes and profits, with enterprises' vitality being somewhat strengthened. However, the gap is still large compared with the reform's goal, namely,

pushing enterprises toward the market, making them producers and managers of socialist commodity economy, managing on their own, assuming sole responsibility for profits and losses, with capabilities for self-development and self-restraint.

The central work conference last year placed the understanding of the issue of large and medium-sized enterprises on the plane of consolidating the socialist economic base; at the same time, it made a correct analysis of the relationship between internal and external factors, and stressed the important meaning of converting the enterprises' operational mechanism. Regarding this, we must have a correct understanding as well as a sense of urgency. Presently, a considerable number of the state-owned industrial enterprises are in a deficit or are on the brink of going into a deficit. If things continue, they will in time, use up their resources. This being the case, at the National Work Conference on Enterprises' Technological Progress last December, I pointed out that "we cannot afford to wait another five years; the situation must be changed within the next three years." In the second half of last year, the downslide in economic results was already checked; the situation should be changed for still better this year and the next; only then will it be possible to push the healthy development of the entire national economy. How should we change the situation from deficits to profits? Essentially, it is necessary to genuinely shift economic work onto the track of restructuring and improving economic results; regarding specific policies, the Central Work Conference last year formulated 20 points. The issue is that their genuine implementation calls for firmly grasping the key, namely, converting the enterprises' operational mechanism; otherwise, it will be out of the question.

To promote the conversion of the enterprises' operational mechanism, the State Council will formulate regulations on implementing the "Enterprise Law" as soon as possible. Regarding this, Premier Li Peng has made an important three-point instruction, which I will explain based on my own understanding as follows:

First, the "Enterprise Law" is quite comprehensive in its contents; however, when we are formulating the regulations for implementing the law in question, they should not be too complicated and all-inclusive; otherwise, the regulations will never be presented. We have to place the focus on the crucial issue of transforming the enterprises' operational mechanism. Even in this issue, we can only make some explicit stipulation on some major aspects, and other details can be supplemented in the future. Some aspects also involve the implementation of the "Enterprise Law," but we cannot take care of them all at the same time. For example, some of the contents in the three existing regulations need be completed, perfected and revised, namely, the "Work Regulations for Directors of Industrial Enterprises of Ownership by the Whole People," "Regulations for CPC Grass-Roots Organizational Work in Industrial Enterprises," and "Regulations for Congress of Representatives of Workers and Staffs in Industrial Enterprises of Ownership by the Whole

People." In actual fact, various localities and enterprises have many satisfactory experiences in implementing the aforesaid three regulations, and their problems are gradually resolved in practice; however, a process is involved for such issues to shape into clauses. This being the case, we will focus energy and efforts on doing a good job of formulating the regulations on converting enterprises operational mechanism this year.

Second, a very important point regarding the regulations is to define ownership and managerial right in legal terms. Here, we must especially stress, the responsibilities of an enterprise director when the state confers him the rights to manage and operate state properties; he should never spend all of the state properties, but preserve and appreciate their values. Today, some of our comrades have talked much about decentralization and interest concession; of course, it is imperative to decentralize those power that should go to the enterprise. However, people talked very little about the responsibilities of an enterprise and its director held for the state. Today, nobody cares when some enterprises have spent all of the state properties left in their care. When some enterprises suffer deficits, they issue bonuses all the same; when their management is confused, their directors continue to cling on to their posts. Such conditions should not be allowed to go on.

The State Council has already decided to present, as early as possible, the "Provisional Regulations on Converting the Operation Mechanism of Industrial Enterprises of Ownership by the Whole People" within this year. It is planned to spend three months to prepare a first draft, with another three months to coordinate opinions of various departments under the State Council, because it involves only State Council related departments, but not the localities. Many comrades of localities have misgivings that the regulations will not help very much when it is issued to the grass roots. To my mind, the key lies in whether or not unanimity in views is achieved between various government departments. Every department has its own practical problems, and unanimity is not easy to achieve. The most optimistic estimation is to do a good job in coordination in the first half of the year, with the provisional regulations promulgated on 1 July for implementation on a trial basis. That will be an ideal situation. To do a good job of this work, I set out requirements on comrades from 10 provinces yesterday morning, asking them to take home with them the draft regulations presented by the State Commission for Restructuring Economy. They highly evaluated the draft regulations despite its immaturity, and believed it to be something better than nothing. I asked them to bring back a revised copy or an entirely new draft formulated on their own at the meeting for directors in charge of enterprise work of economic commissions from various provinces and regions on 23 January. I asked the comrades from those 10 provinces to report the matter to major leading comrades of the provincial committees and governments, and fulfill the task in time. They should mobilize comrades of the

commissions for restructuring economy, economy, and planning as well as the enterprise circles to revise the draft in joint efforts. Today, I am setting the same requirements on comrades from other provinces, regions and municipalities; please do a good job of revising the draft when you return, and bring it back when we come for the meeting next time. Some comrades believe it is too narrow a deadline. Comrades, have you not said that you are getting impatient waiting for its presentation, and we are anxious about it, too? In fact, we all have a clear picture of enterprises' existing problems, now we have only to present solutions to them. I have also set requirements on related departments, especially Ministries of Labor, Work, Finance and the bank, asking them to report the matter to their major leading comrades, while revising the draft regulations. In revising it, contradictions should not be evaded, you should air your own views, and set out your opinions on revision wherever improvement is called for. Let everyone participate in exploring the way of reform.

In the following, I will talk about a few points on how to revise the draft regulations:

I. Make Explicit Orientation, Fulfill Goal in Different Stages

The regulations will work not for just a year or two, but function for a long time. At the same time, it can be completed and perfected only incrementally. It is imperative to establish the regulations first, with explicit goal and orientation of the reform. However, the fulfillment of the goal involves a process, which can be achieved only incrementally. Aside from a goal, standards, and steps for fulfilling it, whole-ranging measures are called for; otherwise, its fulfillment is out of the question.

Without the say of laying off workers and staffers, it will be impossible for the enterprise to operate on its own, and assume sole responsibility for its profits and losses. For enterprises to have the say to lay off workers and staffers, it is imperative to complete and perfect whole-ranging policies and measures; for example, the completion and perfection of social security system such as job-awaiting insurance, doing a good job of job-transfer training, establishing job agencies, extensively opening up production operational channels, building public projects, developing the tertiary industry with leadership, while allowing them necessary preferential policies in taxation. If these contents are excluded from the regulations, the smooth progress in implementing "rational arrangements of work force" and "shutting down enterprises, suspending production, merger and transfer" can hardly be insured; furthermore, negative effects are likely to surface.

In some cases, we can only set out a goal, which is to be realized incrementally in the future. For example, the say of enterprises price fixing is an important condition for converting its operational mechanism. It is imperative to actively and firmly grasp ironing out prices and shape a

rational pricing mechanism. Presently, the overwhelming majority of consumer goods are in long supply; this being the case, enterprises can be allowed price fixing on their own with the exception of some individual products, which their prices are directly fixed by price departments. Of products in the category of production materials, restrictions on most products can be lifted; regarding a small number of products that have a bearing on the national economy and people's livelihood, such as oil and coal, with supply-and-demand gap rather wide, their prices still call for state control. However, the reform goal must be explicit; these products in the category of production materials with transitional implementation of "two-track" prices should all gradually change to "single-track" prices, while closing up to market prices. In concrete implementation, it is necessary to take into consideration the bearing capacity of society and enterprises that turn out products of the lower stream, while conducting it actively but in a sure and steady way.

II. Division of Responsibilities and Rights, Functional Conversion

The focus in formulating the regulations is placed on the division of responsibilities and power. With the state conferring managerial right to enterprises, the regulations should make explicit stipulation on the enterprise's tasks and responsibilities it holds for the state. If an enterprise always fails to fulfill its tasks, the director should be removed from office, and the condition of its suffering from deficits on years running cannot be tolerated. If an enterprise suffers from deficits for a year, it should be served a warning; if deficits should continue for another year, the director "should be placed on probation"; if deficits go on, then, even the best director should be asked "to find another job," and that is what "responsibility" means. Since a director is asked to hold such "responsibility," we should also allow him corresponding rights. In other words, various government departments can only supervise him. Our duty is to supervise him so he will not exhaust the state assets in spending, whereas he must fulfill his tasks. As to how he is to fulfill his tasks, we will not intervene in a microscopic way, but conduct macroscopic regulation and tuning, which means the implementation of supervision through state laws and policies as well as the state macroscopic guidance and indirect regulation and turning. It will not do for one to intervene in the enterprise's plan for development and decision-making in operation. Many existing institutions, even the system of examining and approving projects should be gradually reformed. If the enterprise establishes an investment mechanism characterized by self-restriction, the bank should also establish a mechanism to deal with loan risks, which spells economic responsibility for the bank, too. In this way, risks will no longer be shifted onto the state; with the presence of a restrictive mechanism, examination and approval at every tier can then be dispensed with. The present practice is that despite the procedures of examination and approval, the enterprise

may not act accordingly; should a project be rejected, the enterprise will launch it all the same. Of course, we should not allow that, but in practice, it is quite beyond our control; that is where the division of responsibilities and rights comes in.

How should we supervise enterprises? Some organizational forms can be considered; for example, the supervision board of some state-owned enterprises in capitalist countries can be referred to. To my mind, probably, our large enterprises also need such a supervising mechanism. The supervision board may include representatives from the government, workers and staffers, entrepreneurs and bank circles as well as managerial experts. Auditing will be supervised by the board. In actual fact, financial accounting is entrusted to the supervision and auditing of some accounting firm or company. To my knowledge, the auditing companies overseas are very keen, far keener than some officers sent by financial departments stationed in factories; they act according to the law, but not on individual will. Should an accounting firm practice graft, they would be severely punished. A year ago, a large accounting firm overseas involved in a case of graft was forced to declare bankruptcy. When bankruptcy was declared, all personnel of the firm were swept out of the office, and all partners' properties were confiscated, with only a car left to their use. Therefore, an accounting firm should answer for legal responsibility, and avoid graft. As long as an accounting firm signs its name on a company's financial report, what should be listed in cost and whatnot are fixed. Financial departments determine whether or not an enterprise has evaded taxes based on this report. Should tax evasion or other behavior of violating state properties be found with the law broken, those involved in the case will be fined or sentenced to imprisonment. It seems that we should adopt the same method to conduct auditing during the director's tenure. If auditing is conducted after a director's term of office expires, when the factory under his charge collapses, with scores of millions and even 100 million yuan gone down the drain, what is the use if we conduct auditing then, and remove the director from office? To my mind, we should conduct auditing in every large enterprise and some medium ones, and examine their balance sheet statements of gains and losses each year. Of course, that involves corresponding reform of the existing enterprise accounting system so it will comply with world economic standards. At the same time, it is imperative to augment building and administration of accounting firms and companies. Presently, many places are conducting experiments on shareholding enterprises and issuing shares in public; however, they have not conducted reform of the accounting system with auditing conducted by qualified accounting companies. Such a practice cannot be recognized by society and insure public interests.

While requiring enterprises to convert their operational mechanism, government organs must convert their functions, too; otherwise, the enterprise's say in operation and management will not be implemented. It is necessary to follow the principle of "separation of government

and enterprise, converting functions, exercising effective control over major issues, while allowing flexibility on minor ones," and conduct reform of existing structures of planning, investment, taxation, banking, commerce, foreign trade, materials and equipment, labor and personnel; only then will it be possible to genuinely insure the implementation of enterprise's autonomy, while completing the conversion of enterprise's operational mechanism.

Here, an important point is how to embody state ownership. Presently, there are the following different views: First, on behalf of the state, state-owned properties administration exercise ownership of the enterprise; second, on behalf of the state, a department in charge of a certain trade or group general corporation exercises ownership of the enterprises; third, state investment companies are founded to represent the state as the "boss" of an enterprise to exercise ownership of the enterprise; and fourth, a certain organ, including the enterprise's board, entrusted by the department in charge of a trade to exercise ownership of the enterprise. Regarding the contents of ownership, some comrades set forth that the government should exercise social and administrative control over all enterprises; in addition, it has operational and managerial say of all state-owned enterprises, namely, it holds responsibility for enterprises' value preservation and appreciation of state-owned assets. The question is, it is very difficult to define the functions of such a "representative of ownership"; under such circumstances, it is very difficult to avoid its conflict with the enterprise's autonomy in operation and management. If such a "representative of ownership" wants to conduct "administrative control" in addition to "operational control," while holding responsibility for the value preservation and appreciation of the enterprise's assets, will it be possible for him to refrain from intervening in the enterprise's "decision-making in operation"? There are already enough "mother-in-laws" in an enterprise and an additional "boss" would make things all the more complicated. A budding idea occurs to me, should all enterprises call for "a representative of ownership"? There seems to be no need for finding a "representative of ownership," because the ownership of enterprises in the category of ownership by the people goes to all the people, who entrust the government to exercise state ownership; the government, in turn, endows the rights to operation and management to enterprises. The government conducts indirect macroscopic control chiefly through policies and laws, while embodying ownership through acquiring proceeds from assets, taxes, supervising enterprises' operational conditions and testing, judging enterprises' leading members' work accomplishments, but refrains from direct control over the enterprise through administrative orders. Opinions differ on this point. Exploratory discussions may continue from now on, and the conditions for shaping related regulations are not ripe today.

"Separation of government and enterprise" means the government's chief tasks are to do a good job of macroscopic control, formulate laws, decrees, rules and regulations, strategy for development and industrial policies, keep balance in general volumes, readjust industrial setup, apply to economic levers in a comprehensive way, and gather as well as provide economic information to enterprises. The government's behavior is chiefly to apply to economic means and do business according to the law of value and the law governing the market.

The functions of government departments in administering various trades is chiefly to do a good job of "planning, coordination, supervision and service," but not to intervene in enterprises' "men, financial and material resources" and their say in operational decision-making. Supervision should also be implemented through legal means, by utilizing such "economic police to whom the state does not have to pay their wages" as social organizations, lawyers, and accountants. The results will be far better than direct intervention of government organs, with improved government and party style.

III. Work Out Standards, Run Factories According to Law

All clauses in the regulations should be written in legal terminology, with every point explicitly put down; it is necessary to set forth substantial contradictions, and be bold to touch upon tough issues, while setting out solutions to them. If they were generally written, with contradictions evaded, that would only show that one has no desire to resolve problems at all. We may put it that many clauses in the regulations are aiming at existing irrational rules and regulations stipulated by various departments. That involves reform of existing rules and regulations. Without reform, the regulations will not resolve any problems. With the formulation of the regulations, I think, it will be easier to administer enterprises, when the regulations become state law. Then, we can be strict with administering enterprises. If anyone violates the regulations, those who should be meted out penalties should get them, and those who should be removed from office should also be removed, with no leniency shown to anyone.

As to distribution, the key lies in controlling wage volume. Conversion of enterprise operational mechanism must include self-accumulation, self-transformation, and self-development. Therefore, growth of the enterprise's wage volume should not be higher than that of the enterprise's economic results; neither should the growth of the actual average wage of workers and staffers be higher than that of the enterprise's labor productivity (calculated at net output value.) The existing method of linking wage volume to economic results must be completed and perfected because of the existence of such phenomena as wage volume linked to profits but not losses, and wage volume will only go up but never come down. At the same time, solutions should also be found to such issues as too rigid

control of some enterprises that have economic results as well as wage fund, but have refrained from issuing bonuses. To implement enterprises' say in distribution, we may consider the practice of the enterprise deciding its wage volume on its own according to the method stipulated by the state, by which wage volume is linked to economic results in proportion. For convenience in control, all spending of a wage nature including wages, bonuses, subsidies and all single items of awards must be included in the wage volume. Within the limit of the wage volume, the enterprise may decide its internal wage form and bonus-distributing method. However, it must accept supervision of related government departments such as finance, bank, and auditing; in those places where conditions are ripe, they may come under the examination and auditing of accounting firms approved by the state. The enterprise's economic results should include comprehensive indexes, but not a single one, especially not just the output value index. The general tendency is to utilize profits and taxes realized to represent, in a comprehensive way, the enterprise's economic results. Enterprises should consider giving priority to using part of the increase in economic results in assets appreciation. If the enterprise's economic results enjoy fast growth, with corresponding fast growth in wages, part of the increase may be taken to establish a wage reserve fund. If the enterprise makes profits one year, but suffers loss in the next, the reserve fund may be used to cover the wage decrease resulting from the loss. In the absence of a wage fund reserve in the enterprise, when it makes profits one year and distributes them all, and suffers loss in the next, should it continue to issue bonuses but be short of funds, it would inevitably borrow money from the bank or resort to spending funds for some specially listed items, while eating into its capital. That should not be allowed.

In a nutshell, in formulating the regulations, several focuses must be grasped, with several crucial issues resolved in a down-to-earth way; the focuses must be very explicit, with strong feasibility in their operation; otherwise, there is no need to work out the regulations, because we already have an "Enterprise Law," and the aim to formulate the regulations lies simply in further implementing the "Enterprise Law."

Article Defends Market Economy Under Socialism

HK1607130092 Beijing JINGJI RIBAO in Chinese
11 Jul 92 pp 1, 3

[Article by Chen Jinyu (7115 6651 3768) and Zhong Pengrong (6988 2590 2837): "Market Economy Should Also Be Practiced Under Socialism"]

[Text] Should a market economy be practiced under socialism, and how can a market economy be practiced on the basis of public ownership? This question, as both a theoretical and practical issue, stands out as we earnestly study and implement the guidelines of Comrade Deng Xiaoping's speeches made during his tour of the

south and as the new situation of reform and opening up develops both in depth and width.

**Failure To Practice the Market Economy Means
Resting Content With Backwardness**

During the 1980's and in the early 1990's, the fate of socialism in the Soviet Union and Eastern Europe has been totally different from the development in China.

As everybody knows, since the early 1990's, as drastic changes took place in the political situation in the Soviet Union and in certain East European countries, socialism encountered serious setbacks, especially the rapid dissolution of the world's first socialist country—the Soviet Union. Consequently, the red flag that had flown over the Kremlin for 70 years was lowered quietly. True, the reasons for such a historical tragedy are manifold. Nevertheless, we should say that one of the fundamental reasons lies in the highly centralized rigid economic planning system which fettered the development of productive forces and failed to provide the people a better life they deserved, thereby causing a loss of confidence in socialism among a considerable segment of the population.

Contrary to the above-mentioned situation, socialist China has been full of vigor and vitality since the early 1980's. China's economy managed to extricate itself from the critical, dire straits during the "Great Cultural Revolution" and, after more than 10 years of development, this country is now in a transition from the economy that provides the people with just enough food and clothing to a well-off economy. Industrial and agricultural production is thriving; there is a large variety of commodity supply; and the people's livelihood has been markedly improved. China's political situation as a whole has remained stable for more than a decade. Even in the face of political turmoil between the spring and summer of 1989, and of the strong impact of changes in the international situation, China has withstood pressure from various sources and has achieved advances under a stable environment. The reasons for such a historical situation are, of course, also manifold. But we should say that one of the fundamental reasons lies in our bold reform. The introduction of market mechanisms into our highly concentrated rigid economic planning system has invigorated the economy, boosted our national strength, raised the living standards of the people, and increased their confidence in socialism.

As a result of the structural reform in planning, pricing, finance, banking, foreign trade, and enterprise management in recent years, market regulation has played a fairly important role in the national economy, and even a dominant role in some sectors.

Regarding industrial production, the number of products covered by the state's mandatory plan has been reduced from 123 in 1984 to 50 in 1988. During the same period, the number of products listed in mandatory plans for industrial production formulated by different departments in charge under the State Council has been reduced from more than 1,900 to 380.

Regarding circulation of industrial products, the goods subject to planned distribution as a proportion of the total domestic production has decreased substantially. For example, the percentage of coal output subject to planned distribution was reduced from 57.9 percent in 1980 to 42.7 percent in 1988, the percentage of steel products decreased from 76.9 percent in 1980 to 49.2 percent in 1990, the percentage of the output of five nonferrous metals decreased from 66.6 to 36.3 percent during the same period, and the percentage of timber decreased from 36.96 to 12.6 percent.

Regarding circulation of agricultural products, market regulation is playing an increasingly important role. For grain procurement, of the annual total commodity grain output, which is about 100 billion kg, the portion to be covered by the state contract purchase program is about 60 billion kg. For vegetable procurement, in such large cities as Wuhan, Guangzhou, and Xi'an, the portion purchased by contract from suburban areas and marketed by state-run commercial establishments accounts for only about 30 percent of the total vegetable supply to the market, with the rest subject to market regulation.

As far as price is concerned, since 1990, about 25 percent of the total value of products and services in China has been subject to price control by the state, while the remaining 75 percent has been subject to price guidance by the state or regulated by the market. Of the total amount of agricultural product procurement, 25 percent is sold at state-set prices, 23 percent is subject to price guidance by the state, and 45 percent is to be regulated by the market. Of the total value of capital goods calculated at ex-factory prices, 60 percent is subject to price control by the state, while the remaining 40 percent is subject to price guidance or is regulated by the market.

As far as allocation of foreign exchange is concerned, in 1990, the transactions on the foreign exchange regulatory market totaled \$13,164 million, accounting for about one-third of the state's total spot foreign exchange revenue and expenditure for the year.

As far as employment and income distribution are concerned, the employment of 6.71 million individual laborers and 1.64 million wage earners working under other ownership systems are basically subject to market regulation. Meanwhile, the employment of 420.1 million rural labor force, especially their employment in sideline production beside farming, is also basically regulated by the market. The employment of the floating population, estimated at about 21.35 million, working as casual laborers in urban areas, is fully regulated by the market.

How have remarkable successes been achieved in China's rural reform? Would there be such a prosperous situation—as it is today—of the commodity economy in rural areas if decision-making powers in management had not been granted to peasants through the household

contract system linking remuneration to output, decentralization of the circulation of some farm and sideline products, and their transportation by peasants for sale over long distances?

How could township and town enterprises become a new force suddenly coming to the front of the national economic development? Never have they benefited from the state plan in terms of supply of raw and processed materials, fundraising, and product marketing. It is because of the raw and semifinished materials market, the self-operated market for finished products, the money market, the labor services market, the technology market, and the information market—all of which have emerged in economic structural reform—that township and town enterprises have found their means of production, and have mushroomed like “the grass which, even though destroyed after a prairie fire, grows again when the spring breeze blows.” In this way, village and township enterprises can find solutions to their problems, not from mayors and county magistrates, but from the markets.

How has the construction of the special economic zones been able to proceed at an amazing speed? It is very important that the state has implemented a special policy toward them. The “special” policy simply refers to giving the reins to market mechanisms and to delegating power so as to allow the special economic zones to accommodate funds, import technology, manage enterprises, and recruit staff and workers according to international norms.

Since 1979, China has achieved great economic successes that have astonished the world. In the final analysis, these are achieved through the following processes: by delegating power to the peasants, enterprises, and local authorities, a transition has been effected from the highly centralized planned economic structure which used to be practiced in the past to a double-track structure under which some economic activities remain under the control of mandatory plans while the rest is regulated by the market mechanism. Consequently, both the law of value and the market mechanism are brought into play. Economic development, increase in comprehensive national strength, and the improvement in living standards, have in their turn greatly strengthened the masses’ faith in socialism and greatly increased socialist China’s ability to uphold the four cardinal principles and to withstand political impacts at home and from abroad.

By and large, history has clearly testified that rejecting a market economy under socialism means resting content with backwardness, which in turn can lead to setbacks or even dissolution; if a market economy is also practiced under socialism, it will not remain backward, and can extricate itself from difficulties and develop and strengthen itself. On this question of life and death, whoever promptly wakes up to reality and does a good job can achieve self-development and self-strengthening, and becomes invincible.

The Approach We Must Take To Deepen Reform and Broaden the Scope of Opening Up

Strictly speaking, the issue currently is not whether we should promote a market economy in China, but rather, how to further improve and develop a market economy upon the foundation of the market economy that we have established—the problem is whether we should stop at this stage, retreat, or keep going.

Stopping at this stage or retreating will lead us nowhere. If we return to the previous highly centralized planned economy, we will doubtless fundamentally disrupt the normal functioning of our social and economic life, meet opposition from the majority of people in urban and rural areas, and bring about a serious weakening of the productive forces, and major social turbulences.

We should soberly recognize that a series of major economic difficulties in the country remains to be solved. All of these difficulties have something to do with the fact that our economy has not been totally freed from the highly centralized planned economic model, and that our market economy has not been fully developed.

Currently, one third of our state-run enterprises are publicly running at a deficit and another third are losing money in other ways. In the last few years, governments at all levels have made strenuous efforts to improve the profitability of state-run enterprises, and results have been achieved. But their efforts have not yielded noticeable results. At the same time, township and town enterprises have performed very well. Now that both state-run enterprises and township and town enterprises are publicly owned, why has there been such a difference? The root cause is that the hands of state-run enterprises are tied—their major economic activities are still directly controlled by administrative departments at various levels. Therefore the key to invigorating state-run enterprises is not to give them various preferential treatment, but to further loosen the ties and to make them more market-oriented.

Too many similar processing industries have been established in the country, despite repeated efforts to ban the establishment of new ones, and various difficulties have been met in restructuring the processing industry, resulting in tremendous social waste. Why has the problem not been properly solved although the state has made such great efforts to specially appoint an “imperial commissioner” to tend to the case? The root cause of this is that a reasonable price system decided by market mechanisms has not been established in the country; therefore, to a large extent the decision to invest in and provide funds to enterprises is still affected by the decision-makers’ will. It is quite clear that to solve this problem, we should not depend solely on the government’s repeated injunctions but should make investment activities more market-guided, letting the market mechanism transfer limited investment funds to economic sectors in need of resources and to projects with good economic efficiency.

The party and government have long been highly concerned about the need for eradicating corrupt phenomena in the community. A series of measures have been adopted to fight corruption and promote honest government, and great success has been achieved. But the public are still quite discontent with the situation. "Official racketeering" and other corrupt practices originate primarily from the examination and approval procedures, from price differences due to the double-track price system, the double-track foreign exchange rate system, and the double-track profit rate system. The double-track system is a hotbed for breeding corruption; this fact has been realized by an increasing number of people. To withdraw the one track that has been liberalized and merge it with the planned track will of course eliminate price differences resulting from the double-track price system. However, returning to the past method can only lead the country's economy to a dead end. To wipe out the hotbed of corruption, we must liberalize the one track that is still under the government's direct control and merge it with the other track in the market economy.

In many rural areas, difficulties in selling grain still have not been solved yet, seriously dampening the peasants' morale for growing grain. For many years the peasants have been faced with "difficulties in selling grain." Is this because China has a net surplus of grain? No, it is not. In China, by 1991, the per-capita share of grain had been less than 400 kg, and people in some localities had not even been assured of sufficient supply of food and clothing. One of the most important causes of this problem is that state-run grain stores monopolize the dealing of grain, impeding the development of the grain market. To solve this problem we must lift control over the circulation of grain as well as other agricultural and sideline products, and let them be regulated by the market mechanism. The same practice applies to other similar problems, such as the case of "difficulties in selling hogs" and that of "difficulties in selling sheep."

It has long been a problem that we have not been able to improve the quality of our products and to reduce their cost. Given a closed-door policy, it was natural that Chinese consumers had to accept products of poor quality but high prices. However, the era of closed-doors have gone for ever. In the past few years, despite our vigorous efforts to deal severe blows at smuggling, there have still been plenty of "parallel goods" on the market. To protect our own industries, we of course need to resolutely ban "parallel goods." But this operation alone is not a long-term solution. Now it is clear that the restoration of China's GATT membership will be inevitable, which will be of great significance to the strengthening of ties between China's economy and the international economy and to further economic development in China. To cope with this development, we will open our country's doors still wider to the outside world while giving full play to the role of tariff as a protector of our own industries. The many "parallel goods" on the market today will possibly be legally marketed in this

country and compete with China-made products tomorrow. If we continue to tie the hands of our enterprises and refuse to "wean" our enterprises from state support now, how can we expect them to win in international competition in the future? Only by developing the market economy, which will enable enterprises to enhance their competitiveness, can we maintain our position in the domestic market and enter the international market.

In the final analysis, economic vigor stems from the laborers' initiative. Nowadays many problems exist in our economic life—people not being fully motivated is the most important of these problems. At present, control over goods may be relaxed, but control over personnel is still rather rigid. Cadres can only be promoted, not demoted; staff and workers can be admitted but not discharged; the enterprise cannot select its staff members and workers according to its needs, and the staff and workers are not allowed to choose their jobs according to their specialties; those who work more do not gain more, while those who work less will not be paid less; examples like these are too numerous to mention one by one. In a certain sense, within the framework of a state-owned economy, the waste of human resources is more serious than the waste of any other resources. How are we going to solve this problem? The most effective way is to develop a market economy—let laborers enter enterprises through the market and let enterprises hire people through the market, thereby enabling everyone to get a job that can give him or her the opportunity to fully make use of his or her potential, and that can reward him or her with higher pay, and that enables enterprises to find people who can achieve the best economic efficiency for their enterprises.

In short, to thoroughly free our economy from the current predicament, and to enable reform and opening up to continue, we should unhesitatingly make the decision to develop the socialist market economy in China by taking a series of major reform measures, including simplifying administrative procedures and delegating more power to lower levels.

Major Development in Scientific Socialist Theory

Since the Third Plenary Session of the 11th CPC Central Committee, regarding the relations between planning and the market, our party has gone through a process of practice, understanding, repractice, and reunderstanding. Before the reform, people used to criticize the law of value and the market mechanism as capitalist things, even private plots kept by peasants, family-run sideline production, and country fairs were banned as capitalist residues. People have had their understanding constantly enhanced in the process of setting to right things that have been thrown into disorder, in comprehensive reform, and especially in the wake of the in-depth development of reform and opening up in both rural and urban areas. First, we adopted a policy based basically on a planned economy and using market regulation as an

auxiliary means; later we practiced a planned commodity economy, in which the function of planning and the market should affect all of society. We presented the ideas of integration of the planned economy with market regulation, integration of the planned economy and the market economy, and so forth. This process indicates the deepening of the people's understanding of the role of a market economy. In this process, the man who spoke first and spoke most clearly about practicing a market economy under socialist conditions was Comrade Deng Xiaoping.

As early as November 1979 at a meeting with (Gibney), deputy chief editor of the U.S. "Encyclopedia Britannica," Deng Xiaoping, the general architect of China's reform and opening up, said: The allegation that a market economy is limited to a market economy of a capitalist society and of capitalism is definitely incorrect. Why can't a market economy be practiced in socialist countries? A market economy began to spring up in feudal society; a market economy can also be practiced in socialist countries. He also said that the method of the socialist market economy is basically similar to the capitalist one, although there are differences. This refers to the relationship between the socialist market economy and the ownership by the whole people. Of course the socialist market economy also maintains a kind of relationship with the collective ownership and with foreign capitalist economies. But, after all, it is of a socialist nature, and ours is a socialist country. On several occasions after that meeting, Comrade Xiaoping discussed the relationships between planning and the market, stressing the need to attach importance to and make use of a market economy. In the spring of 1992, during his tour of the south, Comrade Deng Xiaoping elaborated his view still more definitely and thoroughly. He pointed out: Both planning and market are economic means; whether the planned economy plays a greater role or the market plays a greater role is not the substantial difference between socialism and capitalism; the planned economy is not equal to socialism since capitalism carries factors of a planned economy; the market economy is not equal to capitalism either because socialism does carry some market factors. These expositions by Comrade Xiaoping have broken the traditional idea of regarding planning and the market as a criterion for differentiating the nature and attributes of socialism from those of capitalism, further emancipating the minds of the vast number of cadres and masses, and enriching and further developing the theory for building socialism with Chinese characteristics.

Under the socialist conditions in China, a combination of planning and the market cannot simply be interpreted as which comes first and which comes second, nor can it be regarded as piecing together some modules. All kinds of commodities—whether they are means of production or goods for consumption, whether they are products or production elements—should be transacted through the market. Our market should be one that is macroeconomically regulated and controlled by the state through

exercising economic leverage and through using legal means and other noneconomic means. We may call this a planned market. This organic combination of planning and the market is a market economy based on the system of public ownership. In this planned market economic system, the main functions of the government and its planning are: regulating the price level and economic growth rate through controlling the total monetary supply and total financial revenues and expenditures; regulating the regional and industrial distributions of major production capabilities through implementing industrial policies and conducting major investment activities such as pooling financial, manpower, and material resources to harness rivers, building large nuclear power plants, and tackling high and new-technology problems; maintaining normal market order through establishing and implementing market planning; regulating income gaps between enterprises and between individuals by levying income taxes and regulatory taxes, and by taking other taxation measures; and providing guidance for and ensuring a healthy development of the national economy through exercising direct control of a few number of monopoly industries. Beside these, all other microeconomic activities should be regulated by the market mechanism. The government should not directly intervene in these activities.

Developing a market economy is an indispensable historical stage in developing the socialist economy. This is even more so in China. The reasons are:

1. Because we are building socialism under the conditions of an undeveloped commodity economy as well as economic and cultural backwardness, vigorously expanding the productive forces should always be a fundamental task for us. In the period immediately after the founding of the state, through the planned economy, we concentrated a large quantity of financial, material, and manpower resources on the state's capital construction, especially the construction of heavy industry, which enabled our country to establish an independent industrial structure and rapidly strengthened our national defense ability within a comparatively short period of time. This was necessary for developing the socialist economy and increasing our country's international prestige. But with the passage of time, because both the scope and range of our economic activities have been expanding every day, a highly centralized planned economic structure became less and less suited to the objective demand of economic development. In the process of developing the productive forces, many long-standing and extremely important problems have not been solved well, for example, how to rationally allocate resources, achieve the best combination of various major productive elements, avoid and reduce waste, and continuously increase economic returns. Judging from the current development, market mechanisms, like "an invisible hand," is playing an irreplaceable role in this respect. Through changes in supply and demand relations and price fluctuations, markets guide production and consumption, regulate the flow of social resources,

and allocate the limited resources to where they are most needed, as well as to the most efficient enterprises.

2. China is in the primary stage of socialism in which various economic sectors exist, but public ownership is the dominant force. Exchanges between enterprises should be conducted according to the principle of exchange for equal value. Practice has proved that in relying on state planning for fixed prices and periodic price readjustment alone, it is very difficult to effect exchanges for equal value. To do so, it is also necessary to rely on the role of market mechanisms. Through fluctuations in price, the superior is encouraged and the inferior is restricted. Thus, market mechanisms will effectively spur enterprises on and encourage them to tap their wisdom to make further advances and go all out and work hard at all risks to build up their businesses. To pursue their immediate interests, enterprises will inevitably organize their production in light of the needs of society and adopt the most economic forms of production. If every enterprise were to do so, the needs of society will be better satisfied and the expenses for economic activities will be reduced to the lowest possible degree.

3. Throughout the historical stage of socialism, labor is the primary means by which people make a living, while seeking personal material interests is the force propelling people to engage in production and management. The distribution of laborers' personal material interests in society must and can only follow the principle of exchange for equal value of labor. However, exchange for equal value of labor must be conducted according to the measure of society's need for labor, which is formulated in markets and reflected in prices. Without the market, it is very difficult to make an objective and fair evaluation on whether man's labor is wasted and whether work efficiency is high or low.

4. Socialist production aims to satisfy the needs of all members of society. Such needs differ in thousands of ways and change constantly. It is simply ineffective and impossible to merely apply administrative means and mandatory plans to collect information needed to guide production and circulation timely and accurately. To do so, it is imperative to rely on the markets as highly sensitive antennae capable of reaching every corner of the country. Especially in China, a big country with uneven economic and cultural development and relatively backward means for information collection, feedback, processing, and collation, it is even more difficult to get things done without market mechanisms.

5. In carrying out socialist modernization, China must open itself up to the outside world. In opening up to the outside world, it is necessary to link the domestic and international markets. In order to attract foreign capital and introduce technology and talents from outside and to make our funds, technology, and talents enter the international market, China should do things according to international practices in the economic field and have its regulations linked up with the universal regulations of

the international market. Only when we establish a complete and nationally unified large market linked with the international market will economic activities with foreign countries proceed smoothly and efficiently.

Emancipate the Mind and Dispel Misgivings in the Course of Practice

Will practicing a market economy weaken and negate the dominant position of public ownership of the means of production? This is one of the main misgivings people have about developing a market economy. We must point out first and foremost that the market, as a means for distributing resources, can be integrated with private as well as with the public ownership. Undeniably, under the traditional system of state ownership, enterprises were merely appendices of administrative organs with neither autonomy in management nor responsibility for profits and losses; the law of value could not be brought into play and a market economy could not be practiced. Nevertheless, our form of realizing public ownership has been and will be reformed further. Without reforming the traditional form of public ownership, not only will we be unable to practice a market economy but we will also find it difficult to solve large numbers of practical problems, such as increasing losses, declining economic returns, and declining assets, and responsibility for only profits rather than for losses. Reforming the form of public ownership will neither weaken nor negate the dominant position of public ownership. For example, the implementation in rural areas of the household contract responsibility system with remuneration linked to output; the development of township and town enterprises; and experimentation with the shareholding system in selected cities have all created the conditions for developing a market economy while consolidating and strengthening the dominant position of public ownership. Of course, we should further explore ways to reforming the form of public ownership, especially the form of state ownership. We believe that we will surely be able to blaze a new trail and find a kind of form for our public ownership which has distinctive Chinese characteristics and is suited to the development of a market economy.

Will practicing a market economy cause economic confusion? Undeniably, there exists a certain kind of blindness in developing a market economy, but human society has already accumulated quite a few effective cures for such blindness. The totally aimless and laissez-faire market economy, which existed in its early stage, has been discarded in the world today, even in capitalist countries. When developing a market economy in a socialist country, we naturally should strengthen the state's macroeconomic regulation and control and guidance through planning. As long as we correctly control the scope and intensity of macroeconomic regulation and control and apply certain economic levers to modify, weaken the spontaneity, and limit the negative effects of market mechanism, we can avoid the anarchy and periodic upheavals brought about by a market economy

under the system of private ownership. Economic confusions that have appeared in our country's economy in the past few years, such as duplication in construction, all kinds of "wars," and the phenomenon of "[prices] going up immediately after relaxation of control and confusion immediately after going up," were not inevitable results of market mechanisms. On the contrary, they were expressions of imperfect market mechanisms. Once the main bodies of the economy, which have entered the market, are all changed into enterprises assuming sole responsibility for their profits and losses, the above-mentioned distorted phenomena will disappear and all kinds of confusions, which are not brought about by market mechanisms, will no longer exist.

Will practicing a market economy lead to polarization? Generally speaking, in a market economy, a worker's contribution is assessed mainly by the market, and his income is regulated mainly by the market. Thus, some people will become rich quickly and others less so. The workers who have created enormous wealth for society will not merely receive a bonus of several yuan or tens of yuan as they do now, but will obtain a relevant income from the selling price of the achievements of their work. Those entrepreneurs who have a good capability for management and keen foresight in the market may make a big fortune by several successful investments and successful management. Such income differences based on differences in work are generally in keeping with the socialist principle of distribution according to work. Of course, some people may become millionaires overnight, not because of their labor input or exceptional management skills, but because of good luck in market activities, such as the stock price increases. Income differences like this, which have nothing to do with one's personal contribution, is the price we must pay in order to achieve our goal of raising the nation's overall income level and of bringing common prosperity to the entire nation. Moreover, the government can use the income, regulation, and inheritance taxes and other tax levers to regulate the income levels of a small number of high-income brackets. Even more harsh measures may be taken to bring under control incomes that are unreasonably high.

Will the development of a market economy lead to inflation? It should first be pointed out that a market economy does not equal inflation. For example, prices have remained relatively stable over long periods in Japan, the United States, the former Federal Republic of Germany, Britain, and other developed capitalist countries that practice a market economy. In China, because of the excessive amount of currency in circulation at present, the overall price level may rise in the first period of transition toward a market economy. We must have a sober understanding and must take a prudent approach in this regard. If we use measures such as inflation-proof savings deposits to stabilize the amount of currency deposits before and during the deregulation of prices, exercise strict control over the release of additional currency and the total amount of money in circulation,

and take other measures to stabilize the currency and set the people's minds at ease, we will be able to bring inflation down during the transition period and prevent spiralling increases in the overall price level. As for the negative impact that inflation might have on the citizens, the government will implement various measures to ensure that the actual living standards of the majority will not fall. This is an unshakable basic position of our party and government.

The fundamental purpose of developing a market economy is to develop the productive forces and satisfy the people's daily increasing needs in their material and cultural lives. In the course of developing a market economy and in promoting reforms in employment, wages, medical services, housing, and other sectors, we must attach importance to safeguarding and guaranteeing the interests of the broad masses of the people and endeavor to improve various social insurance schemes and step up construction of all kinds of public welfare facilities.

Developing a market economy on the basis of socialist public ownership is an unprecedented undertaking. With all the successful explorations over the past decade or so, generally speaking, we still lack experience. The most important thing now is practice. Only through practice will we be able to acquire a deep understanding of all the characteristics of a market economy based on public ownership; only through practice will we be able to have an accurate grasp of the respective dimensions and strengths of the roles played by the state's macroeconomic regulation and control and the market mechanism; only through practice will we be able to conscientiously utilize the advantages of public ownership to overcome the side effects that may result from spontaneous regulation by the market; and only through practice will we be able to gradually expel the misgivings that people might have about the market economy, emancipate our minds, explore in a bold manner, and constantly enhance our confidence in building socialism with distinctive Chinese characteristics.

Wu Xueqian Inspects Xinjiang Economic Zone

*OW1507101192 Urumqi XINJIANG RIBAO
in Chinese 26 Jun 92 p 1*

[By reporter Xu Yudong (6079 3768 2639): "Vice Premier Wu Xueqian Inspects Alashan Mountain Pass and Kuytun Economic and Technological Development Zone"]

[Text] On 24 June, State Councillor and Vice Premier Wu Xueqian inspected the Alashan Mountain Pass and Kuytun Economic and Technological Development Zone and visited builders of the Dushanzi Ethylene Project.

Li Senmao, minister of railways, Wang Lequan, vice chairman of the autonomous regional people's government, and Liu Shuangquan, commander of the production and construction corps, accompanied Vice Premier Wu Xueqian on his inspection rounds.

At the Alashan Mountain Pass, Vice Premier Wu Xueqian viewed the railway station and its supplementary facilities and visited port workers and border troops. He heard reports made by Tang Yong, vice chairman of the Bortala Mongol Autonomous Prefecture, on the construction of the Alashan port and its future development plans.

Speaking about the inadequate infrastructures at the port, Vice Premier Wu Xueqian pointed out: The construction of the port should be geared toward reform. In opening the region to the outside world, we should adopt flexible policies to attract investments and seek development widely. We should enhance our capability to develop through our services and operations and the accumulation of funds. He said: The Bortala Mongol Autonomous Prefecture possesses distinctive geographical and resources advantages. It should select projects correctly and accelerate the pace of cooperation with the eastern regions. It should try to establish its technological advantages early by making quality products and developing in-depth economy.

While inspecting the Kuytun Economic and Technological Development Zone, Vice Premier Wu Xueqian heard reports made by responsible persons of the city committee. He praised Kuytun City for implementing the guidelines advocated in Deng Xiaoping's speeches and for accelerating the pace of reform and opening to the outside world. He stressed: We should implement development and construction projects according to actual local conditions. We should emancipate our minds, be bolder, act faster, and work for efficiency in our development and construction undertakings. We should always give priority to efficiency.

Vice Premier Wu Xueqian also heard reports on the progress of the construction of the Dushanzi Ethylene Project.

Tian Jiyun Briefed, Discusses Zhuhai SEZ

HK1507142292 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 3 Jul 92

[Text] After listening to a work report given by Liang Guangda, Zhuhai City CPC Committee secretary and Zhuhai City mayor, on behalf of the five principal leading organs of Zhuhai City, State Council Vice Premier Tian Jiyun spoke highly of a fine spirit as has been displayed by the Zhuhai people ever since the Zhuhai Special Economic Zone [SEZ] was established of not waiting for or depending on external assistance and doing hard work in a down-to-earth manner. Tian Jiyun

also expressed the hope that the Zhuhai SEZ will contribute more to Guangdong's endeavor of catching up with and overtaking the four small dragons in Asia.

No long ago, Vice Premier Tian Jiyun presided in Zhuhai over a national Conference on exchanging experiences in developing high-quality, high-yield, and high-efficiency agriculture.

Speaking of Zhuhai's on-going enterprise joint-stock system reform, Tian Jiyun pointed out: In order to quicken the pace of economic construction, we must be bold, capable, and good at guiding funds from consumption domain to production domain, this being the key to a faster development. The institution of a joint-stock system in enterprises is an important way of pushing ahead with enterprise reform and shifting enterprise operative mechanism. Under the joint-stock system, workers will work as the real masters of their enterprises. To this end, we must break through some prohibited zones, smash some ideological shackles, and draw on all achievements of the human civilization as taught by Comrade Deng Xiaoping.

Tian Jiyun fully affirmed Zhuhai's practice of promoting a faster special economic zone development by virtue of advanced science and technology. He also called for adhering to the following three points: 1. The public ownership system must remain predominant.

2. The system of distribution according to work must be continually implemented.

3. The socialist spiritual civilization building must be continued while corruption must be banned and eradicated.

Apart from adhering to the three points, Tian added, we must remove all sorts of barriers, be bold in trying out new things, quietly immerse ourselves in hard work, and forge ahead at a faster pace.

Jan-May Contracted Foreign Investment Rises 170%

HK1607101892 Beijing ZHONGGUO XINWEN SHE in English 0836 GMT 16 Jul 92

[Text] Beijing, July 16 (CNS)—The number of newly-approved foreign-funded enterprises over the country was 8,926 with contracted foreign investment of U.S.\$10.45 billion and actual utilization of foreign capital amounting to U.S.\$3.82 billion between last January and May, according to the relevant department. As of last May, the total number of foreign-funded enterprises in China was 50,274 with contracted foreign investment of U.S.\$68,851 billion and actual utilization of foreign capital U.S.\$29,417 billion.

There has been a rapid growth in foreign investment in China since the beginning of this year with the number of newly-approved direct foreign investment items between January and May more than 2.5 times the number for the same period last year, or equivalent to two-thirds of the whole of last year, with a growth of 170 percent in the

amount of contracted foreign investment compared with the same period last year or equal to 87 percent of the whole of last year.

The number of foreign-funded enterprises now in operation is more than 20,000 or about half the number approved with most of them in good operation. The value of industrial production created by foreign-funded enterprises was RMB 120 billion [renminbi] in 1991, an increase of 63.5 percent over 1990 and equivalent to 4.4 percent of the total value of national industrial production, with foreign exchange earnings from exports amounting to U.S.\$12 billion, a growth of 54.4 percent

over 1990 and equivalent to 16.7 percent of the national total. In the export of machinery and electronic products, foreign exchange earnings from exports by foreign-funded enterprises accounted for 28.8 percent of the national total.

Foreign-funded enterprises are now to be found in all provinces, autonomous regions and municipalities in China and cover a wide field including communications, light industry, textiles, clothing, food, medicines, electronics, metallurgy, machinery, chemical industry, construction materials, energy, transportation, animal breeding, farming, real estate and tourism.

East Region

Lu Rongjing Addresses Anhui CPC Meeting

OW1407232592 Hefei ANHUI RIBAO in Chinese
24 Jun 92 pp 1, 2

[“Excerpts” of speech by Lu Rongjing, Anhui Provincial CPC Committee secretary, at the provincial conference of CPC delegates in Hefei on 22 June; first six paragraphs are summary of speech]

[Text] Everyone in the province should further enhance their sense of urgency and their sense of responsibility, as well as their awareness of commodities, awareness of opportunities, and awareness of the need for development; should go all out to make the country strong; should advance by seizing the opportunity; should quicken our pace of advance; and should strive to achieve breakthroughs and bring about rapid development so as to bring Anhui's economic development to a new level.

Further do away with ideological taboos that hamper reform, opening up to the outside world, and economic construction.

Do everything possible to strive for a high growth rate and high performance in economic development.

Accelerate reform toward a market economy.

Push forward opening up to the outside at all levels in an all-round way.

Effectively strengthen party building.

Since the beginning of this year—particularly since Comrade Xiaoping's important remarks were publicized and studied—people throughout the province have been greatly inspired. They have taken the initiative to discover disparities, to put pressure on themselves, to seize the opportunity, and to accelerate development. Thus reform, opening up to the outside world, and economic construction have entered a new phase. After studying and understanding Comrade Xiaoping's important remarks and the guidelines of the plenary session of the CPC Central Committee Political Bureau, the people have further emancipated their minds. They have initially freed themselves from ideological shackles. As a result, their way of thinking has improved and they have become more enthusiastic about reform and opening up to the outside world. In accordance with the principle of “benefits in three respects”—put forward by Comrade Xiaoping—various localities and departments have readjusted and improved their way of thinking about reform, opening up to the outside world, and economic development. Some fairly dynamic reform and opening measures have been implemented. Many areas have made remarkable progress in reforming the three systems within enterprises, in transforming the functions of government offices, and in reforming the housing and medical care system. New progress has been made in opening up to the outside world. Various localities have

adopted flexible measures to attract foreign investment in order to develop joint ventures, cooperative enterprises, and wholly foreign-owned enterprises [three-capital enterprises]; they have opened up markets in coastal areas and abroad. A good situation has developed in economic construction. Of course, in our province people have just started to study and implement the important remarks of Comrade Xiaoping. Some deep-rooted ideological problems have not been solved. As people have not yet fostered the spirit of “being brave in three fields,” the development of reform, opening up to the outside world, and economic construction has remained widely uneven. In our province there is disparity between areas that have made rapid progress and those that have made slow progress. Compared with the coastal provinces and cities that have made rapid progress, our province seems to have lagged further behind. We should not overestimate our achievements or feel complacent about them; we should not forget that we are competing with other areas from a weaker position. Everyone in the province should further enhance their sense of urgency and sense of responsibility, as well as their awareness of commodities, awareness of opportunities, and awareness of the need for development; should go all out to make the country strong; should advance by seizing the opportunity; should quicken our pace of advance; and should strive to achieve breakthroughs and bring about rapid development so as to bring Anhui's economic development to a new level.

1. Take Further Steps To Eradicate Ideological Constraints Affecting Reform, Opening Up, and Economic Construction

First, we must eradicate the practice of bookishness of “simply following what superiors or books say.” Because of set ideologies and norms for conduct, which have formed over long periods of time, some comrades insist on following “important documents” to the letter in all their undertakings. They are afraid to embark on projects that do not have written references, even though it has been proven in practice that these projects are beneficial to the development of the productive forces. They are afraid of innovation, even though they know that rules and regulations are hampering the development of the productive forces and are affecting the undertaking of reform and opening to the outside world. While carrying out their tasks, they try to avoid contradictions and adopt a wait and see attitude. We cannot take a greater step forward in reform and opening to the outside world if we fail to change this concept. The vast number of cadres and masses throughout the entire province, particularly all leading cadres at all levels, must uphold the ideological path of doing realistic and practical work. We must truly implement the practice of not simply following what superiors or books say but, rather, we should act only according to reality. We must be bold in countering “restricted zones” of outdated rules and regulations, in venturing into “blind zones” in which no one has ventured before, and in breaking into “difficult zones” that are full of contradictions and complications. Meanwhile, we must boldly draw on

human and societal experiences for all their achievements in civilization, as well as draw on the advanced operations and management methods of the world, including those of capitalist, developed countries. Only then can we drive reform and opening up forward better and faster.

Second, we must eradicate the narrow concepts of departments. For a certain period of time, organizations directly under the province, cities, and counties have made notable improvements in ideology and concept. Many departments, in light of the interests for all, consciously and actively support reform, work for reform on their own initiative, and make positive contributions to promoting reform and opening up and economic construction. Nevertheless, some departments also adopt the attitude of "pragmatism" toward reform. Although they verbally endorse and support reform, they delay taking action once specific issues are implemented, particularly those that affect their power and interests. This is a serious and restrictive factor hampering reform and opening to the outside world. We must focus on it and resolutely change this attitude. Deepening reform is the common responsibility of the entire society. Each department must actively participate and strive to contribute toward the cause. A department must not ask other people to implement reform measures while it refuses to participate in order to solidly safeguard its interests. We must realistically establish the concept of considering the interests of everyone. We must solve our problems and carry out our work based on the overall situation of reform and opening to the outside world. Decisions on reform, opening up, and economic development made by the central authorities and by the province are based on the overall situation in the entire nation and province. All departments must implement these decisions to the letter. They must actively draw up relevant comprehensive measures and they must not adopt a wait and see attitude. Also, they must not merely embark on those projects beneficial only to themselves while shunning other projects. Of course, departments have their own reasons for implementing certain projects, and rules and regulations are based on principles. Nevertheless, reform, opening to the outside world, and economic development are major and solid principles, regardless of numerous other principles. We must maintain a clear understanding on this issue and work specifically for its realization.

Third, we should get rid of the fear of difficulties that keeps us from achieving anything. Summing up the experiences of some rapidly-developing localities in Anhui in the past few years, one of their common characteristics is that they wasted no time and depended on no one in development, advanced forward despite difficulties, and quietly immersed themselves in hard work. Some localities, on the contrary, made no changes in their appearances and lagged even further behind those advanced areas years later, despite their own good conditions. This is because of their fear of difficulties, which held them back and made them feel they could not

do this or achieve that. This is a very profound experience and lesson, which is also applicable to reform. For example, the reform of the three enterprise systems is indeed much more difficult. Some localities and enterprises boldly probed their way in the course of practice, despite difficulties, to further reform and thus accomplished gratifying achievements. Some localities and enterprises, however, made no step forward for fear of difficulties, even after stalling for a long time. These examples fully explain that all things depend on human effort. So long as we truly emancipate our minds and proceed boldly, we can step up the pace of reform, opening, and economic development. Otherwise, we would still lag behind despite our better conditions.

2. Strive for High-Efficiency and High-Speed Economic Development By All Possible Means

Both experience abroad and practice at home have repeatedly proven that a regularly occurring phenomenon is to boost the economy to a new level every couple of years, and then to another level after some years in the course of development. Through studying Comrade Xiaoping's important talks and a series of the central authorities' important documents, the large number of cadres and the masses throughout the province have once again emancipated their minds, further unified their thinking, and made objectives more clear-cut. This has provided a reliable ideological guarantee for accelerating development. Anhui has broad prospects for speeding up development thanks to its abundant natural resources, substantial strength in providing scientific and technological education, and its upper hand in developing energy and raw and semi-material industries, high value-added processing industries, new and high-technology industries, and its high-quality and highly-efficient agricultural industry. The strong desire for development and the hope to develop the economy faster cherished by all sectors in the province have provided a tremendous inner impetus for accelerating development. A good material foundation for stepping up development has been laid, while various localities are reaping the first fruits of conscientiously carrying out a series of strategies for developing Anhui's economy over the past few years and rapidly constructing basic industries and infrastructure, especially energy, transportation, and communications. So long as we are fully aware of and take the advantage of these favorable conditions, make the best use of the situation, and do practical work, super-normal economic development by leaps and bounds is absolutely achievable.

Of course, to achieve an extraordinarily high economic growth does not mean going all out blindly. Instead, we should strive for steady and coordinated development by doing solid work, readjusting the production structure, and stressing economic efficiency. However, steady and coordinated development is relative, not absolute. Since development is beneficial, we must not block anyone from achieving development. A region with better conditions may take bigger strides. Regions with relatively poorer conditions should also take advantage of local

strengths to achieve development and carry it out as rapidly as possible. This province had a late start and a poor foundation, and we are not on the same level as the developed coastal regions. We should not be conceited with a relatively higher growth rate; still less should we regard it as an indication of an over-heated economy. Our village and town enterprises and tertiary industries have a weak foundation and lag behind others in development, and we should try in every possible way to accelerate their development. We should further strengthen leadership over the village and town enterprises and adopt more flexible policy measures to keep to the present trend of development. We should unite our thinking, change old ideas, give play to our creativity, and adopt effective measures to achieve an all-around, rapid development of tertiary industries. Agriculture is very important in our economy. We must continue to attach importance to and strengthen the role of agriculture as the foundation of our economy, increase agricultural investment, make great efforts to readjust the production structure, go for high efficiency, and stress both output quantity and quality.

In order to accelerate economic development, we must rely on science and technology as well as education. Many of our mineral resources are among the front ranks in our country, and we have very rich agricultural, sideline, and tourism resources. We will be able to make a great economic development if we can take full advantage of these resources, properly apply science and technology in exploiting them intensively, and turn them into commodities with high standards, high added value and high economic returns. We should proceed from reality and find out the right spot to make a breakthrough. In particular, we should concentrate on solving the problems which have a great impact on economic development and require immediate solutions. We should accelerate the reform of management systems for science and technology; introduce competitive and motivational systems; boldly develop economic entities which integrate technology, industry and trade; develop scientific and technological services run by local people; speed up the establishment of science and technology markets; and guide scientific research organizations, colleges, scientists and technicians into the main battlefield of economic construction. We should strive to create an environment in which talented people can display their abilities and be discovered. We should do all we can to provide them with better working and living conditions and enable them to play their role fully. Special policies may be adopted towards people with special abilities. While giving full play to the role of qualified personnel currently in Anhui, we should adopt preferential measures to attract specialized personnel, including scientists, technicians, managerial personnel, and people with foreign trade and legal knowledge from other parts of China and abroad.

In order to accelerate economic development, we must pay attention to solving the problem of capital. Without input, there will be no output. How to think of ways to

increase capital resources and try in every possible way to invest more is an important question for us to solve before we can achieve a major breakthrough and great development. The whole province should attach great importance to this question. At present, the major sources of our economic construction funds are banks and revenues. These sources are of course necessary, and the banking and finance departments should continue to do their best in providing funds in the days to come. However, if we rely merely on these two sources, we will be in a passive situation in which what we can do is limited by what they can provide. Besides, this unitary form of investment structure lacks the ability to adapt itself to changing situations. In times when the state tightens its money supply, we will be at a loss as to what to do. We must correct this kind of passive situation as soon as possible. We must earnestly summarize and popularize good fund-raising methods and experiences developed in various areas in recent years. We must also explore and borrow other effective fund-raising methods and experiences. The experience of some coastal areas has shown that developing real estate is a good fund-raising method, and we must earnestly study this method and learn to use it. We must vigorously establish all kinds of development funds, such as highway construction funds, energy development funds, science-technology and education development funds, and village and township enterprise development funds. We must take the course of relying on ourselves to accumulate funds and develop ourselves in a manner that snowballs. Today, foreign investment has begun to gradually move to the interior from the coastal areas. It is hoped that all localities will seize this opportune time, take further steps to overcome the fear of suffering losses and "leftist" ideological influences, boldly adopt common international practices of funding, and do our best to attract greater and greater sums of foreign capital so that it will constitute a larger share of the province's economic construction funds. While increasing the total input, we must also strive to raise efficiency in using funds, speed up their turnover, enliven the use of reserves, and get the full value of the money that is spent. At the same time, we must strengthen the study of how funds are used and try to use limited funds where they are needed the most and in such a way that they will produce optimal results.

3. Accelerating the Pace of Market Reform

To achieve the goal of developing the economy efficiently at high speed, it is necessary to accelerate the pace of reform, particularly to act in accordance with Comrade Xiaoping's thinking that "both planning and the market are economic means" and accelerate reform centering on increasing the proportion of market regulation. Along with the deepening of reform and opening to the outside world and the development of a commodity economy, our economic life has undergone major changes, which require us to completely abandon our prejudices against market economy and promptly

change our views. We must regard commodity production, market exchanges, and the law of value the inevitable products of economic operations, and we must regard market mechanisms and planned regulation the fruits of the development of human civilization. We must act in accordance with objective economic law, fundamentally reform the highly concentrated planned economic structure, and gradually establish a new economic structure and operating mechanism.

To speed up market reform, an important task at present is to continue doing a good job of changing management mechanisms and delegating to enterprises the power to make decisions: Power over personnel and labor matters, in paying wages and distributing bonuses, in pricing products, in investment decisions, and in import and export operations, all of which constitute the heart of decision-making power. The goal is to make enterprises adaptable to the needs of the socialist market and become true commodity producers and operators which are responsible for their management, profits and losses and which develop on their own and exercise self-restraint. Changing the enterprise's operating mechanism involves a number of aspects and is quite difficult. The practice of the coastal areas and a number of successful localities in our province has shown that only when work is carried out in a large area in a big way can we succeed in changing the operating mechanisms and get twice the result with half the effort; doing the work in a small area with half-hearted actions will get us nowhere. The cities of Hefei and Tongling, which have done fairly well in this regard, are carrying out comprehensive reform of three enterprise systems. At the same time, one-third of the large and medium-sized enterprises have been given full authority over management. Government departments concern themselves only with the selection of the top leader of the enterprise, the delivery of profits and tax payments, and the increase in the value of state-owned assets; authority over all other matters is given to the enterprises. The two cities are also taking positive steps to implement a share-holding system. A share-holding system under which legal persons are given shares is being experimented with among newly formed enterprises and enterprise groups and among expanded and transformed large and medium-sized enterprises. In addition, the collective purchase of shares by different sectors of the economy is encouraged. It is hoped that all localities will quickly go into action and achieve major progress in changing the enterprise's operating mechanism.

In order to quicken the reform of the market system, we must take the whole situation into consideration and break away from the traditional system of high concentration and rigid control. We must further simplify administration and delegate power to lower level units. We should encourage enterprises to compete in the market and give full play to their initiative and creativity. Leading organs and departments at various levels should transform their gains from studying Comrade Deng Xiaoping's important talks and emancipating

their minds into concrete action in promoting reform and opening up. We should relax our control over lower level units and take the initiative in delegating power to lower level units. We must not just watch and follow the action of high-level units or other units at the same level and must take our own situation into consideration. We should not only resolutely delegate power and rights to lower level units in accordance with decisions by the central and provincial authorities, but also let lower level units handle and do all things which we should not and cannot do well. At present, we should quickly delegate power and rights to various enterprises, townships and villages and scientific research units. From now on, government departments should decrease their power of review and approval, reduce direct management and command, and give lower level units a free hand in exploring and practicing new things. We should promote the experience of right things and correct erroneous things after examining their results; and we must not hastily negate new things. While simplifying the power to administrate and delegate to lower level units, we should be determined to speed up the change of functions of the government in line with the principles of separating the functions of the government and enterprises, promoting unity and efficiency and ensuring micro-flexibility with macro-control, and also effectively do a good job in providing services. Organizations at various levels should give full play to their subjective initiative, boldly try to break new paths, and unfold their work in a creative way in accordance with the principal criterion of "whether things help develop the productive forces of our socialist society, increase our country's overall strength and raise the people's living standards" and seek truth from the facts as advanced by Comrade Deng Xiaoping.

To quicken the reform of the market system we must also vigorously develop the market. We should not only develop markets for commodities but also develop markets for equipment and facilities, property rights, technology, capital, labor services, real estate and other factors of production. In addition, we should actively develop the bond market and create conditions for establishing a stock market. We should establish various regional markets and specialized markets at the national and provincial levels through various means. We should use the establishment of markets to develop the economy. Meanwhile, we should perfect market regulations and create an environment for fair competition by various enterprises in the market.

4. Promote Opening Up to the Outside World at Various Levels and in All Directions

In further opening up to the outside world, we should stress key places and then promote the work in an all-around manner. This province should concentrate efforts to have Wuhu, Hefei and Huangshan further open up to the outside world. The three cities should give full play to their subjective initiative, properly and flexibly take advantage of central policy, increase the scope and raise the level of opening up, increase their

attraction, perform their role of diffusing experiences to other places, and properly develop their "leading" and connecting role. Various prefectures and cities along the river and in other localities should proceed from their own reality and flexibly employ the related preferential policies of the three cities, find the ways and means to further open up to the outside world by giving full play to their respective advantages, and speed up the development of the export-oriented economy. In this way, this province will achieve breakthroughs at key places in opening up to the outside world and gradually expand the open policy to the entire area.

We should lay stress on absorbing outside capital and technologies and developing "joint ventures, cooperative ventures and wholly foreign-owned enterprises" in opening up to the outside world. In recent years, especially since the beginning of this year, this province has gradually quickened its steps in absorbing outside capital and technologies and in developing "joint ventures, cooperative ventures and wholly foreign-owned enterprises." However, the total amount of this is still not large and the scale is still small. They are not in proportion to our demand and lag far behind the coastal provinces and cities. We should seriously learn from the experiences of other localities; absorb more foreign capital and funds from compatriots in Hong Kong, Macao and Taiwan and from Overseas Chinese; and develop more "joint ventures, cooperative ventures and wholly foreign-owned enterprises." We should establish companies and economic entities to solicit business and invite business from compatriots in Hong Kong, Macao and Taiwan, Overseas Chinese and foreign businessmen who come to the mainland to visit their relatives or for sight-seeing. We should formulate preferential policies in attracting business, adopt more flexible methods, expand outside investment from industry to finance, trade, commerce, communications, tourism, real estate and other services. We can also absorb outside capital and new technologies and strains in intensive farming operations. We should allow private enterprises and individual operators to cooperate with foreign businessmen in setting up joint ventures. Now many places are setting up economic development zones to attract investment by foreign businessmen and we should support and encourage such endeavors. In view of the fact that it will take a while for us to improve the investment environment and it will be inadequate to fully rely on economic development zones in absorbing outside capital, we must, therefore, give full play to all favorable conditions. At present, an urgent task is to energetically absorb outside capital, technology, equipment and managerial experiences to transform old enterprises. In particular, there are relatively large numbers of old enterprises in Hefei, Wuhu, Bengbu and Anqing, and we must conscientiously do a good job in this task.

Export trade is the foundation of opening up, as well as an indicator of the level of opening up. To increase export trade is always an important task in opening up to the outside world. We must establish a large trade

concept, conduct pluralized export trade through various channels, break monopolies, and encourage competition. We should actively create the necessary conditions for more prefectures, cities, counties and productive enterprises to obtain export trade permits. Before they are authorized to conduct export trade, we should first promote the agent system and let grass-roots foreign trade companies and enterprises enter the international market. We should improve the currently common-place situation of doing foreign trade business blindly, fully arouse the initiative of the producers and dealers of export goods, and at the same time permit and encourage private foreign trade companies. We should gradually practice the bidding system to distribute state import-export quotas and permits, so as to promote fair competition among foreign trade enterprises. Wuhu Harbor is now open to foreign ships and the city of Wuhu has been authorized to conduct foreign trade. Prefectures and cities along the Chang Jiang should actively make use of Wuhu Harbor to export their goods, and so should other prefectures and cities. In this way, we will be able to break away from the confines of the interior and make the preferential policies enjoyed by Wuhu yield maximum benefits. We should actively and seriously organize some enterprises to set up showcases in coastal regions and abroad, and enable them to open up international markets effectively and toughen and train their personnel in a more complex environment. We may directly participate in competition in the international market by setting up factories, contracting to do foreign projects, and running trading companies and emporiums.

In order to open up widely on every side and at various levels, we need a good investment environment. In a hard environment, we should further step up transportation, energy, telecommunications and other infrastructural construction to gradually improve Anhui's railways, highways, shipping, air transportation, telecommunications, and water and electricity supplies. The provincial departments should concentrate on stepping up the construction of such key construction projects as the Hefei-Nanjing expressway, the Chang Jiang Bridge at Tongling, the Hefei-Jiujiang railroad, and several electric power plants and coal mines. We should seek earlier construction of such projects as the Chang Jiang Bridge at Wuhu, the Hefei-Wuhu and Wuhu-Nanjing high-grade highways, and support the installation of automated telephone systems in various localities. We should be willing to make large investments in infrastructure, and some infrastructural projects may be built with pooled funds or foreign capital. Many things remain to be done to improve the soft environment. In leadership, we should pay attention to the following points: 1) We should understand current policies and learn how to work according to international practices; 2) we should broaden our thinking, adhere to the principle of mutual benefit, and adopt more flexible, preferential policies; 3) we should improve efficiency, and simplify and integrate the administrative

procedures for examining and approving foreign investment projects; 4) we must maintain a good reputation and fulfill all contracts and agreements; and 5) we should offer good services, protect foreign businessmen's legitimate interests, and attract more investors and tourists.

5. Firmly Strengthen Party Building

The key to whether or not we can do good work; maintain social stability for a long period; and make a major breakthrough in reform, opening up and economic development in Anhui lies in whether the party members and party organizations at the various levels in the province can fully play their role. For this reason, we must work hard according to Comrade Xiaoping's thinking of building socialism with Chinese characteristics, both in theory and in practice, and energetically promote party building in all fields in the course of economic development, reform and opening up.

We should further strengthen the leading groups. An important matter at present is to adhere to correct guidance for using cadres. Facts show that the results of leading group readjustments and cadre appointments will have a great impact on cadres' initiative and job performance. We must adhere to the principle of making cadre ranks become more revolutionary, younger in average age, better educated and professionally more competent; stress both ability and political integrity; and boldly fill the leading groups at various levels with cadres who are generally acknowledged by the people as meritorious promoters of reform and opening up. We should boldly use any cadres who have the courage to pioneer and reform, have a good mental attitude, and know economic and managerial work. We should also dare to use any cadres who have certain weaknesses and draw some criticism but are dedicated to reform, perform well in work, and are considered to be good, all in all, and while using them, we should pay attention to educating and guiding them. We should attach importance to training and selecting young cadres and reserve cadres, and resolutely do away with the outmoded concept of stressing seniority or personnel balance. We should broaden our vision in selecting young cadres and boldly use them. Once we are certain of their ability, we should promote them to leading posts sooner and toughen them in practical work—exceptionally outstanding ones may be promoted to higher positions of more than one grade. Cadres at various levels, particularly the leading members of party and government organizations, should be organized to thoroughly study Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics in light of reality. We should arm ourselves ideologically with Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory, and use them in strengthening our party character and guiding our work. At the same time, we should learn economic knowledge, particularly knowledge concerning the development of an export-oriented economy; gain practical experience from economic work; and improve our scientific and general knowledge.

It is necessary to build in a down-to-earth manner the party's grass-roots organizations. The work and combat capacity of the party's grass-roots organizations are the foundation of the work and combat capacity of the entire party. We must earnestly strengthen education of party members and work hard to raise their standards. At present, it is particularly necessary to strengthen education in the party's basic line and enhance the party members' consciousness of implementing the party's line, principles, and policies adopted since the Third Plenary Session of the 11th CPC Central Committee. It is necessary to make the vast number of party members understand that in the new historical period, whether a party member sincerely serves the people, is determined to carry out the policy of reform and opening to the outside world, dedicates himself or herself to the cause of modernization, and leads the masses to continually work hard for economic development and social progress constitute the very criteria for determining whether he or she can bring into play the exemplary vanguard role of a communist. A person can become a qualified party member only after he or she truly meets these criteria. It is necessary to perfect and uphold the various organizational rules and regulations and take further steps to perfect the party's organizational life. It is necessary to strengthen inner-party supervision and struggle against all kinds of behavior that undermine and adversely affect the party's image. Various localities have taken serious steps in recent years to reorganize weak, lax, and paralyzed or semi-paralyzed grass-roots organizations, and this has notably improved conditions in many organizations. However, problems in this respect are far from being fundamentally resolved. Further steps should be taken to carry out this work.

It is necessary to perseveringly carry out the building of party work style and maintain a clean and honest government. To guard against and eliminate unhealthy and corrupt phenomena, party cadres and members, above all, must firmly develop a mentality of serving the people wholeheartedly and work in their interest sincerely. They must be the first to bear hardships and the last to enjoy comforts. Leading cadres at various levels should start from themselves, set an example for others, and create a truly healthy atmosphere within the party. It is necessary to earnestly study and explore new ways of maintaining clean and honest government in the new situation; make constant efforts to improve our work in light of the new situation; and improve the party work style and maintain a clean and honest government in a way that will contribute to economic construction, reform, and opening to the outside world. It is necessary to continue investigating and handling major cases of corruption and make this an important element in strengthening party work style and maintaining a clean and honest government. It is necessary to resolutely crack down on violators of law and discipline who use the loopholes of reform to trade authority for money, abuse their power for personal gains, embezzle money, and take bribes; there should be no soft-heartedness in dealing with them. At the same time, it is necessary to pay attention to the

bounds of policy. It is necessary to warmly educate those comrades who had the courage to institute reform but made mistakes of one kind or another, help them correctly summarize the experience and lessons, and encourage them to continue to march forward.

It is necessary to persistently promote both material and spiritual civilizations. Party organizations at all levels must always promote both material and spiritual civilizations while taking steps to strengthen self-development. They must, first of all, make clear the guiding ideology, which is to subordinate everything to and serve economic construction, the central task, and take an active part in reform, supporting and serving it. All departments should find their proper roles and play their parts. They should make constant efforts to strengthen their consciousness, initiative, and tenacity. They must grasp the focus of their work; successfully carry out grass-roots work; and, through relentless efforts, help spiritual civilization strike roots in urban and rural grass-roots areas and in every household. They must resolutely crack down on all kinds of criminal activity and firmly eliminate all sorts of ugly phenomena; they must not be soft-hearted. It is hoped that all departments concerned will creatively conduct their work; take the initiative in providing theoretical guidance, public opinion support, rules and regulations, and logistic support for reform and opening to the outside world and for economic construction; and take further steps to develop a "cantata" for Anhui's economic construction.

It is necessary to earnestly change work style and seriously carry out the work. Leading cadres at all levels should take further steps to change their work style, truly go deep into the grass-roots areas to strengthen study and investigation, provide face-to-face guidance, and take the lead in carrying out work in various fields. Reform and opening to the outside world are concrete tasks; false gestures and formalism are not allowed. Discussing problems in abstract terms without taking concrete steps to resolve them, seeking sensationalism, and paying lip service should be firmly stopped. Departments at all levels should bring in the mechanism of competition, encouragement, and constraints to further arouse the initiative of the vast number of cadres and the masses. They should establish and perfect the responsibility system, assigning the tasks of achieving the goals of reform and opening to the outside world to units and individuals at each level, strengthening supervision, strictly meting out awards and punishments, and truly creating a situation in the province in which everything is attended to, everyone has a responsibility, and everyone feels the pressure. Conditions under which nobody takes responsibility should be earnestly changed, and people who are irresponsible should not be allowed to drift aimlessly.

Article by Lu Rongjing Views Party Building
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[Article by Lu Rongjing (4151 2837 2529): "Raise Party Building to a New Level—Marking the 71st Anniversary of the Founding of the Communist Party of China"]

[Text] How can we build the party under the new situation in which the nation is deepening reform, opening wider to the outside world, and working to raise the economy to a new level in a better and quicker way? I would like to take advantage of the occasion of the 71st anniversary of the party's founding to discuss some of my views.

How do we build our party—a ruling party—under the new situation? This is a major issue of great interest to people both at home and abroad. Recently, I had the opportunity to attend the 14th Congress of the Indian Communist Party [ICP] and meet Indian workers, farmers, intellectuals and people of other circles. What left the deepest impression on me was the great interest shown by the ICP and other Indian people in the future of socialism in China and the buildup of the CPC. During our stay in Bombay, we attended a succession of news conferences, party membership meetings, and meetings of communist sympathizers. Most of their questions dealt with issues concerning China's reform and opening up. They also wanted to know whether China would change, if not today, perhaps in the future. Some people could not understand the CPC's policy of reform and opening up, absorbing foreign capital, and setting up special economic zones [SEZ's]. For example, someone asked at a meeting of communist sympathizers if China was not in fact importing capitalism by introducing foreign capital. I told them that China is not importing and developing capitalism through use of foreign capital. We believe that the basic task of socialism is to liberate and develop productive forces. As a ruling party leading the nation in building socialism, the CPC takes as its fundamental task the liberation and development of productive forces and the achievement of national strength and prosperity. To speed up the development of productive forces today, we must follow the path of reform and opening up, boldly draw on all of civilization's achievements and advanced management methods of all countries, including the developed capitalist countries, and import technology and capital from abroad on a large scale. Foreign capital, technology, and advanced management know-how are being imported under the precondition of equality, mutual benefits, and non-interference in internal affairs. Foreign-funded enterprises are constrained by overall political and economic conditions in our country. They will blossom and bear fruit on our socialist soil and thus form a useful supplement to the socialist economy. Therefore, they are beneficial to socialism. Foreign capital in China will help develop socialism and the productive forces, eliminate exploitation of man by man, wipe out polarization, and

eventually create prosperity for all. Therein lie the fundamental differences between our policy for SEZ's and foreign-funded enterprises on the one hand and Western capitalism on the other. We will be able to constantly improve the people's living standards and fully display the superiority of socialism so long as we always bear in mind the party's general tasks, constantly develop the productive forces, and unceasingly enhance our overall national strength.

The guiding principles of party work are dictated by the party's general tasks. In building up the party, we must correctly identify our functions in line with the party's general tasks and conscientiously serve economic development. Good progress in the accomplishment of the general objectives and the general tasks would mean good progress in party buildup. By the same token, sluggish economic work would also mean sluggish party buildup. Party buildup cannot be separated from the central task of economic construction, and its success is by no means measured solely by the number of new party members recruited or new party organization set up. Under the new situation, we must persistently and conscientiously subordinate all party work to the central task of economic construction and to the liberation and development of productive forces. In this way, there will be no separation of party buildup from economic construction and there will be no "new desalinization."

We must fully affirm the experience and achievements we have gained since the Third Plenary Session of the 11th CPC Central Committee when the party shifted the emphasis of its work to economic construction. Take party work in Anhui, for example. The great efforts we spent on economic development, reform, and opening up have brought about tremendous changes. No starvation, massive outflows of population, or epidemics were reported in our province last year despite the exceptionally severe floods. It was a miracle. Even developed capitalist countries would not be able to do that well under similar circumstances. It is party organizations that deserve the most credit. Party members were the ones who suffered the greatest and made the most sacrifices in fighting the disasters. During the round-the-clock relief operations, the party flags followed wherever relief teams organized by party branches went; whenever the people found the party flags, they found the party branches. Isn't it a good example of the cohesion of party organizations? After the floods, instead of a simple restoration, we adopted a policy of giving equal emphasis to both restoration and development and building better villages and towns. The disaster areas have by now built, under a unified plan, many permanent houses for farmers. The new villages that were built after the floods are considerably more impressive than the ones they replaced. How could the people seeing this not appreciate and admire the party even more? In developing the economy, many party organizations performed outstandingly, setting a good example for party branches to bring into fuller play their role as a fighting bastion and party members as an exemplary vanguard.

The party branch of Zhongxin village, Maoji town, Fengtai County, is exemplary in promoting the two civilizations. Wang Shiqing, secretary of the general party branch of Wangdacheng village outside Hefei, took the lead in starting village and township enterprises, whose combined output has doubled and redoubled to 20 million yuan last year and is expected to top 60 million yuan this year. The village is now working hard toward its goal of becoming the first village in the province with an annual industrial and agricultural output in excess of 100 million yuan.

The strategic task of the party today is to seize the current opportune time to accelerate the pace of reform and opening wider to the outside world and to work to raise the economy to a new level in a better and quicker way. To raise the economy to a new level in a better and quicker way, we must also raise party building to a new level. Anhui is behind the coastal provinces; most of the gaps are to be found in ideas, concepts and in people's awareness of the commodity economy, of reform and opening up, and of the importance of science and technology. Moreover, the more backward a place is, the more "leftist" remnants are to be found there. Settling these problems and bridging the gaps are the very responsibilities of the party.

The important talks which Comrade Deng Xiaoping made during his recent tour of southern China are an enormous spiritual power for emancipating our minds, changing our mind-sets, heightening our morale, and accelerating development. Comrade Xiaoping's talks profoundly sum up the ample experiences gained in carrying out reforms and opening up to the outside world over the past decade or so, scientifically analyze the current situation at home and abroad, and provide timely answers to the many important theoretical and practical issues which the vast numbers of party members and people want to understand. We should use the guidelines in Comrade Xiaoping's talks to unify the understanding of all party members and people so that we will continue to emancipate our minds, change our mind-sets, seek truth from facts, create with daring, and push our work in various fields to a new stage.

Comrade Xiaoping's talks deal with many issues, but the central theme is that we must firmly and fully implement the party's basic line. To implement the line fully, we must first understand it fully. How are we going to understand it fully and not partially? In my view, I think we have to understand it by establishing our footing on economic construction, which is the main field of our campaign. Only by doing this can we properly handle the relationship between "one center and two basic points." Generally speaking, people today can accept the notion that party buildup is meant to serve economic construction. To serve economic construction, however, we must thoroughly understand the situation, characteristics, and problems of economic development, as well as how those problems came to the fore. How can we serve economic construction if we do not understand the economic situation? This is precisely the weak point of our party's

work, including theoretical and ideological work. To fully implement the party's basic line, we must firmly uphold the idea that the party must focus its operations in various fields on economic construction, and seize the current opportunities to speed up reforms and opening up. While doing this, we must also intensify ideological and political work, enforce all laws, and ensure public order so that we can build a socialist society with distinctive Chinese characteristics. Whether we can accomplish this is a great challenge to each and every party member-cadre, especially those in leading positions.

Improving party members' conduct under the new situation is essential. The fundamental issue is that we must make sure that party members serve the people wholeheartedly. Once party members are aware of this aim, all other problems can be dealt with more easily. Communist Party members must emphasize party spirit. This means that they must do their work impartially. In the area of distribution, for example, they may receive more compensation as long as it is reasonable, but they may not infringe upon others' interests and pursue private interests. We must earnestly deal with cases where people who do nothing and people whose performance is mediocre hinder capable people who want to accomplish something. Only by doing this can we uphold justice, boost the morale of people with high ideals, mobilize the initiative and creativity of party members and people without party affiliations, increase the intensity of reform and opening up, and speed up the pace of economic construction and party construction.

Central-South Region

Xie Fei Views Development in Guangdong's Shaoguan

HK1707040692 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 10 Jul 92

[Text] While conducting investigations and study in Shaoguan, provincial party committee Secretary Xie Fei stated: In carrying out economic construction in various mountainous areas, we must further emancipate minds, raise speed, and unify speed with efficiency.

From 7 to 10 July, Xie Fei visited the newly built Northern Guangdong Economic Development Zone, the Shaoguan Power Generation Equipment Plant, the Shaoguan Excavator Plant, the Shaoguan Foundry Plant, and some other enterprises in Shaoguan city, where he held on-site talks with local cadres and workers.

Xie Fei also held talks with leaders of various counties as well as state-run enterprises in Shaoguan on separate occasions.

Speaking of Shaoguan's economic development, Xie Fei emphatically called for unifying speed with efficiency. He said: Shaoguan must further emancipate minds,

firmly cultivate a market concept, and raise development speed. Shaoguan possesses relatively good conditions in comparison with other mountainous areas in the province. For instance, Shaoguan has a convenient communications system, a sound industrial basis, and a great potential for economic development. Shaoguan's key task at the moment is to invite as much foreign investment as possible and try in every possible way to invite more foreign investment. Only by so doing will Shaoguan be able to open up new vistas for its own economic growth.

Xie Fei maintained: Guangdong is now being challenged by a rapid nationwide economic growth. Should it fail to redouble its efforts, Guangdong would soon be caught up with and overtaken by other provinces and regions in terms of economic growth. Nearly 40 percent of Guangdong's population lives in various mountainous areas, which account for almost 60 percent of Guangdong's total area. Though mountainous areas can hardly match coastal areas in terms of economic growth, we should on no account unconsciously slow down their development, for this will inevitably result in a slowdown of Guangdong's overall economic growth. We must exert our utmost to bring about a comfortably well-off livelihood across the province as scheduled.

Zhu Senlin Urges Maintaining Guangdong's Growth

HK1607131092 Hong Kong ZHONGGUO TONGXUN SHE in English 1350 GMT 15 Jul 92

[Text] Guangzhou, July 15 (HKCNA)—Guangzhou Province [as received] has to maintain its economic growth at a two-digit level in the years to come if it is to overtake the economies of Asia's "Four Little Dragons", namely, Hong Kong, Taiwan, Singapore and South Korea, within 20 years, the governor of the province, Mr. Zhu Senlin, said speaking in an interview. In order to achieve this end, financial departments are being requested to fully exercise the functions of the financial sector by strengthening financial reform.

Guangdong saw rapid economic development after Mr. Deng Xiaoping's visit to South China, Mr. Zhu pointed out. According to instructions given by the central policy-making authorities, Guangdong has to further speed up its economic development to catch up with the "Four Little Dragons" within two decades. The gross national product (GNP) for this year has to quadruple that of 1980, be eight times that of 1980 by the turn of the century and 32 times that of 1980 during the first ten years of the next century, registering by then a per capita GNP put at U.S.\$16,000. With this goal in mind, Guangdong has to inject nearly RMB [renminbi] 1,000 billion into some trunk items including energy, communications and infrastructural facilities as well as raw and processed materials during the Eighth Five-Year Plan period and the Ninth Five-Year Plan period, leading to an urgent need of capital. Should the financial department have no ways to raise construction funds, Guangdong's ability to overtake Asia's "Four Little Dragons"

will be no more than empty talk. Financial restructuring, therefore, has to be accelerated both intensively and extensively in a bid to raise more construction capital and upgrade the economic results of loans while at the same time safeguarding the stability of the currency and preventing inflation.

Mr. Zhu stressed that despite facing difficulties, the level of financial work had to be further upgraded. Policies set by the central authorities should be properly, flexibly and fully applied. Trial practices of the shareholding system and the issuance of shares for internal subscription have to be properly handled while at the same time foreign-funded banks have to be actively introduced. Service and management levels should be improved and upgraded through competition. Mr. Zhu pointed out that Guangdong's normal financial order is yet to be set up, the stock market to be guided and new financial institutions, capital flow and administration of foreign exchange reinforced.

Increase in Shenzhen's Financial Income Reported

OW1707104092 Beijing XINHUA in English
0942 GMT 17 Jul 92

[Text] Shenzhen, July 17 (XINHUA)—The budgetary receipts of Shenzhen in southern China's Guangdong Province amounted to more than 2 billion yuan in the first six months of this year, fulfilling 69.9 percent of the annual quota and an increase of about 70 percent over the same period of last year.

The city's expenditure during this period totalled 1.40 billion yuan, fulfilling the annual quota by 48 percent and up 59 percent over the same period of last year.

A local official said that the city's revenues in the first half of this year were larger than expenditures.

Shenzhen is China's leading special economic zone and a pacemaker in the national reform and open policy.

According to the official, the city's industry, retail sales and foreign trade registered an increase of over 25 percent in the January-June period.

However, there was a little progress in the enterprises' economic efficiency, the official noted. The number of enterprises in general deficit in the city in the first five months of this year went up by 18 percent in comparison with the same period of last year.

Hainan's Deng Hongxun Meets Zhejiang Delegation

HK1707041092 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 9 Jul 92

[Text] Provincial CPC committee Secretary Deng Hongxun and Wang Houhong and Dong Fanyuan, members of the provincial CPC committee Standing Committee, met yesterday afternoon with a Zhejiang provincial inspection delegation led by provincial CPC committee

Secretary Li Zemin at Hainan Guesthouse. Deng Hongxun briefed his guests on Hainan's natural resources; preferential policies; and the situation of reform, opening up, and industrial and agricultural production, and other issues. He said: Since the establishment of Hainan Province and Economic Zone, we have been implementing the guiding principle of using policies well, laying a foundation, and grasping implementation. We have made certain achievements in various aspects. At present, Hainan people are assuming a new posture to greet an upsurge of even larger-scale development and construction.

Zhejiang Provincial CPC Committee Secretary Li Zemin thanked Hainan Province for its enthusiastic welcome and hospitality for his delegation. He said that he had witnessed great changes in Haikou from the plane. In the morning, his delegation inspected some development zones which had their own characteristics. Although Hainan had a poor foundation to start with, and was late in promoting its undertakings, it has aimed high, and effected great changes [words indistinct]. He pointed out: Zhejiang Province and Hainan are similar in many aspects. They are coastal provinces [words indistinct]. By comparison, Zhejiang is poor in natural resources and lacks Hainan's strong point in this regard. He stated that he had come to learn from Hainan and promote exchanges with Hainan in various aspects. He wished to use the great window of Hainan to promote Zhejiang's reform and opening up.

The Zhejiang provincial study and inspection delegation arrived in Haikou yesterday. It will conduct a five-day inspection and visit in Hainan Province.

Hainan Promulgates Foreign Trade Regulations

HK1707040092 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 10 Jul 92

[Excerpts] In accordance with the spirit of a series of relevant documents issued by the State Council as well as the provincial party committee and government, the provincial foreign trade department formulated and promulgated the following 11 regulations aimed at boosting and relaxing control over the provincial foreign trade work after receiving approval from the relevant higher authorities:

1. To comply with unified state tariff regulations; [passage omitted]
2. To relax control over category-one and -two commodities operated by enterprises capable of earning a large amount of foreign exchange through export. Those enterprises capable of earning \$5 million or more in foreign exchange within one year fall within this category; [passage omitted]
3. To relax control over local exports; [passage omitted]
4. To lift control over barter trade with republics of the former USSR as well as with East European countries, including Cuba and the DPRK; [passage omitted]

5. To obtain a nationwide customs declaration right for enterprises capable of earning \$10 million or more in foreign exchange through exports within one year; [passage omitted]
6. To make every possible endeavor to allow and enable foreign trade enterprises to fulfill export quotas; [passage omitted]
7. To appraise, elect, and apply preferential policies to foreign trade enterprises enjoying high international prestige; [passage omitted]
8. To encourage foreign trade enterprises to engage in diverse operations apart from foreign trade; [passage omitted]
9. To encourage development of a plural market as well as direct trade with European countries, North American countries, and Japan; [passage omitted]
10. To help Hainan-based export-oriented enterprises directly enter the world market; [passage omitted]
11. To support foreign trade enterprises in building and running export-oriented production bases. [passage omitted]

Hainan's Jan-Jun Industrial Output Increases

HK1707010692 Beijing ZHONGGUO XINWEN SHE
in English 1125 GMT 16 Jul 92

[Text] Haikou, July 16 (CNS)—Hainan achieved an industrial output value of RMB [renminbi] 3.059 billion in the first half of this year, a growth of 29.6 percent over the same period last year, with three type foreign-funded enterprises contributing RMB 394 million in industrial output value, a growth of 49.6 percent.

Hainan's industrial production in the first half of the year developed at an average growth rate of 25 percent with the highest monthly rate of 51.4 percent being recorded for April and ranking the province first among all the nation's provinces and cities.

According to statistics from Hainan Province's Bureau of Statistics, Hainan's heavy industry developed at a faster pace than that of light industry with a growth rate of 24.1 percent. Canned food production, beverages, plastic products and tyres increased sharply. The building materials industry has grown rapidly along with the development of basic construction, with products such as cement and man-made panelling increasing by 60 percent.

Among the 20 cities and counties and Nongken within the province, 17 have increased in industrial output with Nongken's growth rate being the highest, reaching 53.5 percent followed by Haikou City with 39.6 percent. Haikou had an industrial output value of RMB 1.186 billion, making up one-third of the whole output value for the province.

Hainan's township output value decreased this year in the wake of typhoons. Sales of industrial products were also unsatisfactory with an industrial output sales value of RMB 2.59 billion, a 20.2 percent increase over the same period last year but 9.4 percentage points down on

provincial industrial growth. The provincial industrial products' sales rate was 86.6 percent, 4.07 percentage points lower than for the same period last year.

Zhengzhou Works To Become Commercial Center

OW1707100592 Beijing XINHUA in English
0935 GMT 17 Jul 92

[Text] Zhengzhou, July 17 (XINHUA)—Any outside visitor to Beijing, the Chinese capital, will not miss visiting Wangfujing, the business street, whereas a visitor to Shanghai, China's leading manufacturing center, will not fail to visit the Nanjing Road.

However, visitors to central China's Zhengzhou city today also find they must not miss visiting the February 7 Square which houses many newly completed business giants including the Asia Department Store, the Hualian Commercial Company and the Shangcheng Shopping Center.

These new commercial businesses in Zhengzhou have in fact sprang up in the nationwide drive of enhancing commodity production and promoting a market economy. So far, they are so successful that many people from Beijing travel specially to Zhengzhou to buy cheaper commodities there.

Zhengzhou city had served as the capital of many feudal dynasties as well as a political and commercial center in ancient times. Standing on the southern bank of the Yellow River, the cradle of the Chinese nation, the city has long been a traffic center in modern time as it is located at the junction of the east-west Lanzhou-Lianyungang railroad and the south-north Beijing-Guangzhou railroad, the country's two major transport arteries.

However, for a long period the city failed to take its geographical and traffic advantages to promote the local economy, and the city and Henan Province as a whole have remained among the poorest regions of the country.

The fast economic progress in the coastal areas in the past decade and the stress by the central authorities on a market economy have opened the eyes of the city leaders: it is possible and beneficial to rebuild Zhengzhou into a commercial center in central China.

The city government believes the city will play an important role in spurring trade between different regions of the country.

In the meantime, the city government has pinned high hopes on the new Eurasian continental railroad bridge that goes through a number of Asian and European countries and links up Lianyungang Port on the east and Rotterdam on the west.

According to official sources, the new continental bridge will be formally put into international use by September, which will give Zhengzhou greater importance in international trade activities.

In the past few years, Zhengzhou has adopted a strategy to open wider to the rest of the country and the outside world so as to draw more domestic and overseas businessmen to open stores and invest in its service industry.

Several large department stores have emerged in the city and are becoming increasingly outstanding in the country for their intensified competition and introduction of advanced managerial strategies.

On the other hand, Zhengzhou is home to the country's first futures market—the Zhengzhou Grain Futures Market which was launched in October 1990.

In the coming years, according to the city government, Zhengzhou plans to set up a large number of futures markets as well as markets dealing in banking, insurance, technology, information, real estate, labor and other production means.

Nowadays, more and more people from other regions of the country have found Zhengzhou an ideal place to show off their enterprises and products, and as a result, various trade fairs and other forms of economic gatherings have been held in the city over the past few years.

To meet the increasing need, the Zhongyuan International Exhibition Center and a number of commercial buildings, recreation centers and restaurant streets are under construction or being planned.

To this day, Zhengzhou, with a population of less than one million, has set up 371 market areas and over 50,000 retail shops and restaurants which are able to cater to over 300,000 transients.

Being the capital of a relatively poor province, the city will have to make much harder efforts to turn itself into a commercial giant and, consequently, the city will adopt more flexible and preferential policies, according to Zhang Shiyang, the mayor.

To improve its investment climate, the mayor noted in a recent interview with XINHUA, the city has been building a large number of infrastructural projects, which include an international airport, a new railroad station and highways, telecommunication facilities as well as special residential blocks built for businessmen from Taiwan.

By 1995, the city plans to increase its service industry to 35 percent of the gross national product compared with the current 27.7 percent, while 27 percent of its residents will engage in the industry compared with the current 22.1 percent.

Some Chinese economists pointed out that to build Zhengzhou into the central trading center in China is beneficial not only to the city and the province, but to the whole country. The city will act as a commercial bridge to link up the developed east and the underdeveloped west.

Activities of Hunan's Chen Bangzhu Reported

Views Developing, Opening Yueyang

HK1607083292 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 9 Jul 92

[Excerpts] At a recently concluded on-the-spot provincial government work meeting in Yueyang, Governor Chen Bangzhu expressed the hope that people in Yueyang would utilize policies provided by the provincial authorities in a full, flexible, and effective manner to give sufficient play to the city's geographical strong point, and that they would struggle and work hard in a down-to-earth way to build, through efforts exerted in coming years, Yueyang into a modernized and open city and an exemplary zone for implementing a new socialist market economic system, and pursue comprehensive mechanisms of a scientific-and-technological-led and export-oriented economy, which is influential both at home and abroad. [passage omitted]

To speed up Yueyang's development and enable it to play a leading role in our province's economic development and opening up, Governor Chen Bangzhu and Vice Governors Wang Xiaofeng and Chu Bo led leaders of the relevant commissions, departments, and bureaus under the provincial CPC committee and government, banks, and customs to Yueyang to handle official business on the spot. On 6 July, accompanied by Yueyang City CPC Committee and government leaders, Governor Chen Bangzhu's party of more than 60 people inspected (Xinghuo) Railway Station, (Baishiling) Development Zone, the foreign trade dock, and other places. They discussed relevant issues while carrying out their inspection. They listened to Yueyang City CPC Committee and government reports on the city's opening up and development. [passage omitted]

At the 7 July on-the-spot work meeting of the provincial government in Yueyang, Governor Chen gave an important speech. He pointed out: The provincial CPC committee and government defined Yueyang's leading status after full discussions. Therefore, people of Yueyang must fully understand their city's status and role in the whole province and even the whole country from a strategic high plane. Now, various localities in the country are accelerating their development. Yueyang must seize this favorable opportunity to truly grasp its work in a down-to-earth manner to improve its investment environment, implement the preferential policies, and conscientiously do well the work of attracting foreign investment and import capital through various channels. Through efforts made in coming years, Yueyang will truly play a leading role in the province. Chen Bangzhu also expressed the hope that in the meantime, departments directly under provincial authorities would genuinely and wholeheartedly support and help Yueyang, truly implement the policy for the city, and focus their attention on it. [passage omitted]

Addresses Enterprise Work Conference

HK1707040492 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 10 Jul 92

[Text] A provincial township and town enterprise work conference was convened in Wangcheng County 7-10 July.

[Governor] Chen Bangzhu, Sun Wensheng, Cao Wenju, Yang Huiqian, and some other provincial party and government leaders called on the whole province to further emancipate minds, unify understanding, tenaciously forge ahead, work hard to catch up, and strive to push Hunan's township and town enterprise production to a new stage.

The provincial leaders stated: Hunan's township and town enterprises should raise their total annual output value to 40 billion yuan and even to 45 billion yuan this year. The provincial party committee and government will reward those that successfully fulfill their production tasks and score outstanding achievements in this connection.

This year, township and town enterprises across the province have conscientiously implemented and carried out the spirit of a series of speeches made by Comrade Deng Xiaoping during his southern China tour and scored phenomenal production achievements as well. In the first half of this year, their total output value was 21 billion yuan, representing a 32.5 percent increase over the same period last year. The township and town enterprises of the five prefectures and cities of Loudi, Changsha, Changde, Yiyang, and Lingling succeeded in raising their output value more than 35 percent. Nonetheless, compared with some fraternal provinces and cities, Hunan's township and town enterprises have developed relatively slowly with their growth rate lagging behind the country's average in the first half of this year.

In view of this situation, the provincial government has once again revised its plan by raising total provincial township and town enterprise output value set for this year from 40 billion yuan to 45 billion yuan and mapped out concrete implementation plans through consultation with various prefectures, autonomous prefectures, and cities concerned.

The conference called on leaders at all levels and departments concerned across the province to proceed from an overall situation of rejuvenating Hunan; give unreserved support to township and town enterprises in fulfilling production tasks; and increase input, expand markets, and develop production, as well as learn from Wangcheng County by increasing input, developing production, and achieving actual results in a timely manner to contribute more to the attainment of all provincial economic work goals set for this year.

Hunan's Huaihua City Develops Tertiary Industry

OW1607111092 Beijing XINHUA in English
1003 GMT 16 Jul 92

[Text] Changsha, July 16 (XINHUA)—Huaihua city in southern China is now devoting its efforts to the development of tertiary industry.

So far, more than 4,200 households from 27 provinces and autonomous regions have settled down in the city to run tertiary businesses, including commerce, transportation, catering and tourism.

Such industries have great potential for development in Huaihua, one of the communication hubs of southern China's Hunan Province.

Two railways—the Xianqian (Hunan-Guizhou) and Zhiliu (Zhicheng-Liuzhou)—and two state highways meet at Huaihua.

The city has invested 110 million yuan to reconstruct nine large markets.

The municipal government has formulated preferential policies for private households which move to the city to engage in the tertiary sector.

Private businessmen from other provinces and cities can send their children to the city's kindergartens and schools, just as the regular residents of the city do.

The businessmen also enjoy preferential policies in port services, and the bank and energy sectors.

Statistics show that the number of private businessmen from other provinces and cities accounts for 60 percent of the total.

Chen Huifeng, a self-employed businessmen from Shaoyang City in Hunan Province, collected 130,000 yuan and set up a garment and herb market near the city's railway station.

Since 1985 the output value of tertiary industry in the city has increased at an annual rate of 11.1 percent. Last year, the volume of business done in this sector reached 310 million yuan-worth, doubling the 1988 figure.

Report Notes Results of Flooding in Hunan

HK1507061892 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 6 Jul 92

[Excerpts] Since 2 July, Hunan has seen fairly copious rains resulting in a rise in water levels in rivers. In some mountain areas, torrents of water rushed down the mountain. In the area around Dongting Hu, some paddy fields were inundated.

At present, governments in eight prefectures and cities hit by floods are organizing cadres and people to vigorously combat the floods and provide disaster relief. [passage omitted]

Across the province, eight prefectures and cities, 46 counties and county towns, and 4.9 million people were hit by floods to varying degrees. Some 5.11 million mu of land were affected and 3.41 million mu of crops were under water.

According to preliminary statistics, 52 people died from the disaster throughout the province, 13,000 houses collapsed, 60 million kg of grain were washed away, and irrigation works were damaged in 9,000 positions. [passage omitted]

Southwest Region

Dismissed Worker Kills Five in Guizhou

HK1607154092 Hong Kong AFP in English 1404 GMT 16 Jul 92

[Text] Beijing, July 16 (AFP)—A company driver in south China's Guizhou Province, who was threatened with losing his job, killed five people and himself in two explosions, a public security journal said Thursday.

Thirteen others were injured in the blasts, said the journal owned by the Ministry of Public Security.

The management at a factory told Dong Jiafei that it intended to dismiss him on grounds that he too often used a company vehicle for his own personal use and meddled with the firm's accounts.

During a staff meeting June 15, called by the director to make a public decision, Dong ignited explosives hidden beneath him, seriously injuring 17 people and himself.

Taken to hospital, Dong committed suicide by setting off more explosives, the journal said. A company accountant was also killed by this second blast.

Four of the 17 injured died of their wounds.

Acts of vengeance and desperation have become frequent in China as state firms no longer guarantee lifelong employment to their workers and the powers of management have considerably increased.

The Chinese press recently reported a dozen murder cases against employers by workers discontented by the consequences of reform in enterprises.

Minister of Labour Ruan Chongwu said Tuesday [14 July] that the economic reforms in China would force millions of workers towards unemployment.

At the end of 1991, the number of unemployed people in Chinese cities had grown to four million, according to official statistics.

Guizhou Meeting Discusses Fighting Corruption

HK1607065692 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 8 Jul 92

[Text] As reported by GUIZHOU RIBAO, a work conference to investigate discipline violations in offices directly under the provincial party committee and government opened in Anshun 7 July.

Liu Hanzhen, member of the provincial party committee Standing Committee and secretary of the provincial discipline inspection commission, pointed out: Serious efforts should be made to investigate and act on discipline violations found within the party to eliminate moths that eat into our economic foundation and economic pillars. In the meantime, we should accurately apply related policies, protect reformists who are upright and display boldness in blazing new trails, and really pave the way for reform and opening up and economic construction.

He stressed: At no time and under no circumstance will party discipline be relaxed. We should not relax our efforts in investigating and acting on discipline violations because of our decision to emphasize enlivening the economy. If we leave law-breaking cases unchecked, it means dereliction on our part rather than supporting reform and opening up and economic expansion. For the present, we should firmly grasp four major tasks in checking up on law-breaking cases:

1. Make concentrated efforts to investigate and act on cases involving those who violate the party's basic line and resist reform and opening up policies or those who outwardly obey the party's principles and policies but secretly ignore them; investigate and act on economic cases of graft, embezzlement, giving or taking bribes, smuggling, selling smuggled goods, and speculation. Investigate and act on cases of prostitution, drug abuse and trafficking, gambling, and moral degeneration; investigate and act on cases of abusing powers for personal gain, bureaucracy, dereliction of duty, violating organizational and personal discipline, taking revenge, and other serious discipline violations;
2. Keep close watch over units, departments, and trades where people tend to violate the law and discipline;
3. Make concentrated efforts to solve those matters which arouse strong resentment among the masses; and
4. Focus on major and important cases, especially those concerning party-member leading cadres at the departmental level and above.

All levels of discipline inspection commissions must make vigorous efforts to investigate and act on law-breaking cases and regard such action as an important link for deepening reform and serving economic construction. They should resolutely and persistently carry out anti-corruption work in depth.

He Zhiqiang Attends Yunnan Government Meeting

Development of Tourism Urged

HK1507141692 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 6 Jul 92

[Text] At a provincial government routine meeting [date and place not given], Governor He Zhiqiang stressed: The leadership and the rank and file must go into action, broaden their horizons, and make concentrated efforts to promote tourism as a key task for developing the tertiary industry in an attempt to change Yunnan into a tourist province.

Governor He Zhiqiang presided. The participants heard a report on work concerning the province's tourist trade and made an exclusive study of ways to develop tourism.

Since we introduced reform and opening, Yunnan has built up many hotels and supportive facilities, tourist attractions, and travel agencies and has worked hard to provide quality service for tourists. Yunnan ranks among the top 10 provinces and cities nationwide in terms of [words indistinct].

The routine meeting maintained Yunnan enjoys remarkable advantages where geographical conditions and natural resources are concerned. Under the present advantageous circumstances brought about by accelerated reform and opening, Yunnan's tourist trade has entered a period of large-scale development. As long as we lose no time in making a success of related work, we are very likely to develop tourism into [words indistinct] of Yunnan's tertiary industry.

The provincial government pointed out: In the 1993-95 period, Yunnan's tourism is expected to grow at an annual double-digit rate. In 1995, Yunnan is to attract 500,000 foreign visitors with the foreign exchange earned topping \$100 million. Efforts should be made to integrate sightseeing, which has been the only item for outside tourists for a long time in the past, with pleasure-seeking and holiday-making, thus developing a multi-level tourism.

To elevate Yunnan's tourist trade to a new level during the last three years of the Eighth Five-Year Plan, the provincial government called upon governments at all levels throughout the province, especially departments responsible for tourism, to free themselves from old ideas and broaden their horizon to make a major breakthrough in utilizing domestic and foreign funds. They should try to raise one billion yuan within three years.

While focusing on construction of state-level tourism-holiday areas in Kunming, Xishuangbanna, and other places, the provincial government will mobilize and rely upon various localities and every member in society to go in for tourism in a big way, integrating key projects for tourism with promotion of tourism in all areas. We should be determined to bring a new change to backward tourism of Xishuangbanna Dai Autonomous Prefecture within two years. No rubber plantations will be

expanded, nor other industries harmful to the ecological environment. Tourism should be regarded as the most important industry. [Words indistinct], build a peacock garden, and develop [words indistinct], which is particular to Xishuangbanna.

It is necessary to exploit the [words indistinct] situation in neighboring countries to vigorously develop transnational tourism which will involve Vietnam, Laos, and Burma. We should develop a tourist route which will embrace Xishuangbanna, Thailand, Vietnam, Burma, and Laos, and an inner-province air tourist network route which will connect Kunming, Xishuangbanna, Dehong, and Dali.

The provincial government has decided to establish [words indistinct] tourist development funds, to promulgate a number of related policies in turn, to gradually reform the management system for the tourist industry, to reverse the situation in which state-owned travel agencies and joint-venture travel agencies do not compete on an equal footing, to develop production of tourist commodities, and to raise economic efficiency of the tourist trade.

The provincial government called on all workers and staff of the tourist industry to do two types of work simultaneously, and constantly improve their service and work quality.

Conclusion of Meeting Reported

HK1707035792 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 9 Jul 92

[Text] At a recently held routine provincial government meeting, Governor He Zhiqiang said: Cadres at all levels across the province must free themselves from old ideas, be bold in blazing new trails, seize the opportune moment, do solid things, keep a firm grasp on our central task of economic construction, and resolve to make Yunnan's economy a success.

The provincial government meeting, which lasted five and a half days, ended in Kunming yesterday afternoon.

The meeting participants expressed the belief that with Kunming introducing the same policies as those applied in coastal open cities and three border cities being declared open cities with the central government's approval, Yunnan is ushering in a new opportunity and forming a new development pattern. The plan to set up a Kunming Economic and Technology Development Area and a Kunming New and High-Tech Industrial Development Area is of great importance to expediting Yunnan's opening up to the outside world. We must seize the opportunity and race against time to step up the two areas' construction. We must achieve results in three years. We should do new things in a new manner and build and manage the two development areas in accordance with international practice. In the meantime, we should run well a science and technology garden funded by local people and give play to locally run scientific

research institutes to speed up development of Yunnan's new and high-tech industry.

The meeting called for efforts to elevate Yunnan's tourism to a new stage in three years. It is necessary to regard tourism as one of Yunnan's major industries and build Yunnan into a tourist province. At present, we should broaden our horizon and make a breakthrough in utilizing domestic and foreign funds. We will try to raise 1 billion yuan for construction of key projects. We should build the Dianchi and Xishuangbanna Tourism-Holiday Areas, which will measure up to world standards. It is essential to give play to strong points of border areas and develop transnational tourism. We should enliven tourism enterprises, vigorously develop commodities needed by tourists, raise economic efficiency related to tourism, establish a tourist development fund of 100 million yuan for construction of key tourist projects, open air routes between different regions, and set up an inner-party air tourist network, gradually separate the functions and responsibilities of administration from those of management, and optimize the management system to elevate Yunnan's tourism to a new level.

The meeting maintained that we should seize the favorable opportunity to develop border trade in depth and to stimulate economic development in west and south Yunnan. The three open border county towns of Ruili, Wanding, and Hekou should be built, in three years or more, into modern cities which will enjoy certain superiorities. For the present, the major power transmission network should be extended to Ruili, Hekou, and Xishuangbanna as soon as possible. A second-grade highway linking Ruili with Mangshi should be built at an early date and the construction of the (Tonghe) Highway stepped up. We should look toward markets at home and abroad; vigorously develop processing industries; and develop the market so that Kunming will become an economic and trade center for southwest China, Southeast Asia, and South Asia.

The meeting stressed the need to attain new heights in developing Yunnan's foreign trade in 3-5 years while forming its new province-wide opening pattern. Cadres should update their concepts, broaden their horizons, and gradually change foreign trade enterprises' existing management system into a market-oriented management system. Foreign trade departments should join in technological transformation of existing enterprises, develop foreign-exchange-earning industries, and open up industries which used to be nonexistent in Yunnan. It is necessary to build several major projects using foreign funds which will produce a great impact on the economy throughout the province and on opening Yunnan to the outside world. The work concerning introduction of foreign funds should be legalized as soon as possible to set foreign investors' minds at ease. Foreign trade departments should streamline the administrative structure while providing service to more and more fields.

Governor He Zhiqiang announced at the meeting that the provincial government would hold its plenary meeting in mid-July to implement the spirit of the current meeting. He said: Cadres must be put in charge of the tasks set by the meeting and supervision must be exercised to ensure the tasks will be accomplished. Leaders at all levels must take a lead in improving their work style to effect an upswing in Yunnan's economic construction.

Li Shuji, Bao Yongkang, Zhao Tingguang, Chen Liying, and (Liu Shangrao), vice governors; Wu Guangfan, secretary general of the provincial government; and persons in charge of various departments, commissions, and offices directly under the provincial party committee and government attended the meeting.

Kunming To Speed Up Reform, Expand Opening

HK1507142092 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 4 Jul 92

[Excerpts] Recently, the Kunming City CPC Committee and the Kunming City Government have jointly made a decision on speeding up reform and expanding opening up.

The decision contains seven chapters which consists of a total of 40 articles.

The decision states: The CPC Central Committee and the State Council have now decided to apply those policies which have been implemented in various coastal open cities to Kunming. This has thus created an extremely favorable environment for Kunming City to deepen its on-going reform, expand its opening up, and expedite its economic development. [passage omitted]

The decision stresses proceeding from Kunming's actual conditions; combining effective, full, and flexible implementation of those policies currently in force in various coastal open cities with full utilization of Kunming's superior geographical location and superior resources; becoming bolder in drawing on and transplanting all successful experiences gained by various special economic zones as well as various coastal open cities in the course of reform and opening up to the outside world; fully respecting and developing the initiative of the Kunming citizens; further breaking with the ideological influence of a natural economy and a product economy; putting an end to Kunming's past practice of self-isolation and self-indulgence; firmly cultivating a commodity economy concept and a market concept; bravely forging ahead; carrying out work in a down-to-earth manner and in real earnest; speeding up the local development pace; and striving to push Kunming's economic development to another new stage every few years.

The decision points out: The main goals and tasks of Kunming City in the years to come are:

1. To concentrate on enterprise reform, shift enterprise operative mechanism, push ahead with reforms related

to enterprise reform, comprehensively expand the scope and quicken the pace of various reforms, and further promote opening up to the outside world;

2. To actively develop all foreign-invested enterprises and successfully run three development zones, namely, the Kunming High-Grade and Precision Technological Industry Development Zone, the Kunming Economic and Technological Development Zone, and the Kunming Tourism and Vacation Zone;

3. To further build all border ports that link Kunming with Burma, Laos, Thailand, and other neighboring countries; [passage omitted]

4. To vigorously develop an export-oriented economy, an urban and rural collective economy, as well as a tertiary industry;

5. To step up infrastructural facilities building, promote technological progress, and strive to have the second-stage provincial strategic goal attained three years ahead of schedule;

6. To make unreserved efforts to push ahead with both modernization and internationalization of Kunming with a view to building Kunming into an economic and trading center in southwest China, into a strong and prosperous city within the Southeast Asia Economic Circle, and into a well-known international tourist attraction.

Kunming Constructs Economic, Technological Zone

OW1707103792 Beijing XINHUA in English
0924 GMT 17 Jul 92

[Text] Kunming, July 17 (XINHUA)—Construction of the Kunming Economic and Technical Development Zone in this capital of Yunnan Province is in progress.

So far, a two-square kilometer area built in the first construction phase has opened to foreign business people.

Kunming was approved by the State Council to enjoy the same preferential policy allocated in the open coastal cities and areas so as to attract more foreign investment and technology in May this year.

Since then the city has concentrated on constructing the Kunming economic and technological development zone, the high-tech development zone and the Dianchi holiday village while improving transport conditions.

At present, business people from a number of countries and regions and other parts of the country have come to the economic and technological development zone to hold talks on making investments in the zone and conclude agreements of intent on land development.

North Region

Beijing's Li Ximing Talks With Specialists

SK1507023492 Beijing BEIJING RIBAO in Chinese
15 May 92 p 1

[By reporter Sun Yushan (1327 3768 1472): "Li Ximing Urges Reliance on Scientific and Technological Progress To Develop the Capital"]

[Excerpts] On 14 May, despite a fine drizzle, Li Ximing, secretary of the Beijing Municipal CPC Committee, and Li Qiyang, deputy secretary of the municipal party committee, called on all students participating in the first specialist study class of Beijing Municipality for 1992 and also held a forum with the specialists.

Participating in this study class organized by the municipal party committee were outstanding specialists at the national and municipal levels. They concentrated efforts on studying the basic theory of Marxism, learning the latest scientific and technological findings at home and abroad, and deepening their understanding about the current situation of further conducting reform and opening the country to the outside world. [passage omitted]

At the forum, on behalf of the municipal party committee, Li Ximing extended cordial greetings to the specialists and also introduced to them the capital's construction situation and basic concept of further conducting reform and opening to the outside world. He stressed: The basic theory of Marxism has the functions for guiding all trades and professions as well as all branches of learning. By studying this basic theory, we will further deeply and comprehensively understand Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

Li Ximing said: Reform is liberating productive forces. To elevate Beijing's economy to a new high, we must rely on science and technology and make efforts to develop science and high technology. We should make efforts to develop scientific and technological markets in the capital and turn a large number of scientific and technological findings into productive forces as soon as possible. He urged all specialists to suggest more ways and means to develop the capital.

Li Qiyang, deputy secretary of the municipal party committee, said in his speech: The theory that science and technology are productive forces has struck root in the hearts of the people. Beijing should make good use of its advantage of having more science professionals and technicians; further emancipate minds; develop scientific and technological undertakings; and elevate, as soon as possible, the economic construction to a new high.

Chen Guangwen, Standing Committee member of the municipal party committee and director of the organization department, and Ouyang Wenan, Standing Committee member of the municipal party committee and secretary general of the municipal party committee, attended the forum.

Beijing Using More Foreign Technology, Equipment

OW1707103492 Beijing XINHUA in English
1010 GMT 17 Jul 92

[Text] Beijing, July 17 (XINHUA)—Beijing has spent 100 million U.S. dollars to introduce 100 items of advanced foreign technology and equipment in the first half of this year, 52 items more than the same period of last year.

According to the Beijing Municipal Commission for Economics and Trade, most of the introduced technologies and equipment will be used for technical upgrading in the city's medium and small-sized state-run enterprises.

Beijing began to introduce advanced foreign technology and equipment in the 1950s. Until 1978, the import volume only totalled several dozen million U.S. dollars.

In the past 13 years, the increased fixed assets value has exceeded the total number of the 30 years after the founding of New China in 1949 through technical upgrading with introduced technologies and equipment.

With the implementation of the opening to the outside world policy and the establishing of more export-oriented enterprises in the late 1970s, Beijing quickened its step in introducing foreign technologies and equipment.

By the end of June this year, Beijing used 2.1 billion U.S. dollars to introduce about 2,000 items of foreign technologies and equipment from more than 30 countries including Canada, Denmark, Germany, France, Italy, Japan, the Netherlands, and the United States.

Beijing's introduction of foreign technologies and equipment focuses on motor vehicles, electronics, food, textiles, light industry, building materials industries and infrastructure construction.

Beijing is to introduce more technologies and equipment for the technical upgrading of enterprises and export-oriented farm products production by the end of next year. These programs can enjoy tax-free policies by the end of next year.

The city is also to introduce more technologies and equipment for solving environmental problems and the reconstruction of the old city areas.

Qinhuangdao Police Protect Overseas Funded Firms

OW1607085892 Beijing XINHUA in English
0832 GMT 16 Jul 92

[Text] Shijiazhuang, July 16 (XINHUA)—Over the past few years, public security bodies in Qinhuangdao city, Hebei

Province, have spared no efforts to help maintain a good security environment for overseas-funded enterprises.

According to a local government official, criminal cases involving such firms have been going down in recent years, while the number of overseas-funded companies has kept on rising.

Local police departments have set up a special network to protect the firms with each firm having a liaison person to keep in touch with the police, and policemen will be sent to the site whenever called.

Since last year, the city's public security bureau has cleared up 12 criminal cases occurring in these firms, which takes up 85.7 percent of such cases.

In the past few years, local police have strengthened control to improve social order so as to safeguard the city's efforts to open wider to the outside.

The Public Security Bureau regularly informs overseas businessmen of the current security condition in the city.

The police have installed alarm equipment in 82 stockyards and important places of overseas-funded firms.

Reform Benefits County in Inner Mongolia

OW1507081592 Beijing XINHUA in English
0711 GMT 15 Jul 92

[Text] Hohhot, July 15 (XINHUA)—Northern China's Zhuozi County, known as a poor place in the past, has benefited from pilot administrative restructuring in recent years.

As with hundreds of other Chinese counties, Zhuozi County with a population of 240,000 in the Inner Mongolia Autonomous Region was too poor to pay salaries before 1983.

There are 1.94 million staff members employed by the administrative units of 2,181 counties in China.

Statistics show that the revenue of half of the counties could not cover the wages of government and party employees, although each year the central government has to allocate 6 billion yuan (1.13 billion U.S. dollars) to subsidize the counties in red.

In order to shake off the heavy financial burden, cut red tape and eliminate corruption, the Chinese Government began experiments in 1983 to streamline government at county level as part of the effort to push the development of the rural economy that involves 80 percent of China's 1.1 billion population.

The experiment was carried out beginning from 1984 in nine counties in eight provinces, including Huarong County in central China's Hunan Province, Xixian County in Shanxi Province, northern China, and Changyi County in Shandong Province, eastern China.

Now, the experiment has achieved good results in seven of the nine counties.

During the past decade, administrative personnel of Zhuozi have been reduced by 1,150, about 30 percent of the total, saving 3 million yuan (about 566,037 U.S. dollars) annually, while departments have been slashed to six from about 46.

Party and government officials from other provinces and counties puzzled over how six departments managed to do the job that previously required 46.

Shi Quansheng, director of Zhuozi's Economic Administration, explained that the administration which includes nine offices with 77 employees, is based on 18 bureaux of 236 employees.

"But it does not mean the 77 people have taken over all the work handled by the 236 people," said Shi.

"Some jobs which used to be the government's duty have been divided and given to institutions, enterprises and markets or deregulated to townships."

Except for 70 educational institutions with 1,798 employees, the county no longer allocates money to agricultural institutions and other institutions.

Instead, the government gives loans to the agricultural institutions and gives fixed funds to other institutions which are responsible for their profits or losses.

The moves have proved effective in arousing the enthusiasm of the employees.

The Zhuozi Seed Company, which has only 20 employees, last year sold 80 percent of its improved varieties of grain to farmers working on the county's 80,000 ha of farmland. It was a record business volume for the company.

The most encouraging achievement of the reforms is the sharp growth in farmers' income and industrial and agricultural production, plus the elimination of red tapes.

Three major moves were taken in 1984, 1986 and 1988 to streamline the government and government bodies.

Statistics show that the agricultural output value for 1991 was 91 percent more than that of 1983. The annual income for farmers and urban residents increased 12 times and 18 respectively. The county's revenue for 1991 reached 8.47 million yuan (about 1.6 million U.S. dollars), 3.7 times that of 1983.

The reform has also raised efficiency of party and government offices and helped set up a good government.

Previously the county's government and party offices had 117 cars, which are still a luxury in China and usually used by officials. Now, the number of cars used

by officials have been cut to 24, saving 1 million yuan (about 188,679 U.S. dollars) each year.

Few officials can now use public cars for their private business.

Compared with counties which have not yet introduced administrative reforms, Zhuozi has 2,000 fewer government employees.

If all the 100 leagues, counties or districts in Inner Mongolia Autonomous Region carried out similar reforms, the region would save 600 million yuan (about 113.2 million U.S. dollars)—one-sixth of the region's annual revenue.

Zhu Xuan, secretary of Zhuozi branch of the Chinese Communist Party, which is similar to the rank of head of a county, said, "It's been rather difficult for Zhuozi to introduce administrative reforms".

"The party and government bodies at higher level are not happy about the dismantling of their local branches. Those officials and cadres who used to have influential powers are also unhappy about their removal. The remaining officials and cadres including myself have less power than before.

"But the people who have benefited much from the reform are happy," said Zhu.

He argued that "the enormous achievement in the county's economy proves the reform is a success."

Last February Chinese Premier Li Peng commended the reform undertaken in Zhuozi. In addition the experience of reform has been popular in other parts of the Inner Mongolia Autonomous Region.

However, some party and government cadres and officials at county level believe that there will be many difficulties in applying the administrative reforms widely because of the vested interests of some cadres and officials.

Some experts say the administrative reform is a challenge to the 2,000 county governments in China, and a good opportunity for those counties to adapt to the needs of the commodity economy.

Reforms need determination and courage, said a local official.

During a speech made on May 23 Chinese Premier Li Peng said comprehensive reforms at county level were of significance to the country's economic and political restructuring. He urged localities to push administrative reforms throughout the country.

Tianjin Holds Activities To Honor Deng Yingchao*OW1407145192 Beijing XINHUA in English
1436 GMT 14 Jul 92*

[Text] Tianjin, July 14 (XINHUA)—There have been commemorative activities in Tianjin to mark the death of Deng Yingchao who died in Beijing on July 11 at the age of 88.

Deng, widow of the late Premier Zhou Enlai, was described as "a great proletarian revolutionary and stateswoman, noted social activist, firm Marxist, outstanding Chinese leader and a pioneer of China's women movement" in an obituary issued by the central authorities.

Tianjin was Deng Yingchao's second home town. She lived there for more than a decade.

Children at the Nankai Middle School and Xijiandao Primary school, where Deng Yingchao was a pupil more than 70 years ago, have paid their respects.

At the "A Wakening Society" exhibition hall where Deng began her revolutionary career in 1919, wreaths surround her portrait.

Northwest Region**Qinghai Leaders Meet Shandong Delegation***HK1707040292 Xining Qinghai People's Radio
Network in Mandarin 2300 GMT 10 Jul 92*

[Excerpts] A Shandong provincial party and government investigative delegation with Ma Zhongcai, deputy secretary of the Shandong Provincial CPC Committee, as its leader, and Tian Jun, vice chairman of the Shandong Provincial Chinese People's Political Consultative Conference Committee as its deputy leader, arrived in Xining yesterday, starting a seven-day investigative visit in Qinghai with a view to pushing ahead with bilateral economic cooperation and assistance between Shandong and Qinghai.

Yesterday afternoon, a number of provincial party and government leaders concerned briefed the Shandong investigative delegation on the basic situation in Qinghai.

Tian Chengping, provincial party committee deputy secretary, gave a systematic account of Qinghai's main characteristics and basic train of thought for Qinghai's work throughout the 1990's.

Speaking of bilateral assistance, Tian Chengping said: Since 1979, when the CPC Central Committee decided on establishing mutual assistance relations between Shandong and Qinghai, party committees and governments of Shandong and Qinghai Provinces have attached great importance to the work. Through concerted efforts of both provinces, Shandong and Qinghai have continually consolidated and developed bilateral

economic and technological cooperation as well as multilevel friendly exchanges and scored remarkable successes in this regard. [passage omitted]

Wang Hanmin, Qinghai vice governor, and Ma Dongcai, deputy secretary of the Shandong Provincial CPC Committee, also spoke at the meeting.

Also attending the meeting were Qinghai's party and government leaders, including [provincial party committee secretary] Yin Kesheng, [provincial governor] Jin Jipeng, Sang Jiejia, Cai Zhulin, Ma Wanli, Bainma Dandzin, and Han Yingxuan, as well as comrades in charge of various autonomous prefectures, counties, and provincial departments and bureaus concerned.

Xinjiang Editorial Urges Work for Party Congress*OW1407051392 Urumqi XINJIANG RIBAO in Chinese
25 Jun 92 p 1*

[Editorial: "Greet the Convening of the 14th Party National Congress With Outstanding Achievements"]

[Text] The Xinjiang Uygur Autonomous Regional CPC Conference of Delegates elected 36 delegates to the 14th Party National Congress, successfully accomplishing its task.

The 14th CPC National Congress, scheduled for the fourth quarter of this year, will be a meeting of great significance in the course of our country's modernization. It is of concern to the whole party and attracts the attention of the world. Now the 14th National Party Congress is only several months away. Party organizations at various levels and large numbers of party members throughout the region should vigorously take prompt action in uniting and leading people of various nationalities to implement the party's basic line in an all-around way; further emancipate their minds; overcome various interferences; accelerate the pace of reform, opening up, and economic construction; and greet the convening of the 14th Party National Congress in a high fighting spirit and with outstanding achievements.

Xinjiang now has a very good opportunity for development. The plenary session of the CPC Central Committee Political Bureau, the important speeches made by Comrade Deng Xiaoping during his tour of southern China, and Comrade Jiang Zemin's important speech at the Central Party School have broadened our horizons and pointed out the direction for us in promoting reform and the open policy and speeding up economic development. During his recent inspection of Xinjiang, Comrade Song Ping gave specific instructions on the work of the region. Our region asked the State Council for instructions on opening wider to the outside world, and it has given a reply. This has created a favorable environment for reform and development in our region.

The strategic task now before us is to seize the opportune time to accelerate the pace of reform and opening up and to better and faster push Xinjiang's economy into a new stage. Party committees at various levels must further

emancipate their minds, strengthen their spirit, work enthusiastically and in a down-to-earth way, do practical work, and strive for actual results. They must try to maintain the good momentum and blaze a path for economic development with a high speed, good results, and Xinjiang characteristics.

Now party organizations at various levels throughout the region should conscientiously study Comrade Jiang Zemin's important speech at the Central Party School and profoundly grasp and comprehensively implement the guidelines of Comrade Deng Xiaoping's important speeches. Keeping their local realities in mind, they should further emancipate their minds. The key to emancipating the mind is to eliminate the perplexity of whether a move is "capitalist" or "socialist," enhance the awareness of the need to carry our reforms and open to the outside world, and foster new concepts or ideas suited to the socialist market economy. It is necessary to enhance our understanding of the harmfulness of rightism, and of "leftism" in particular, to guard against rightism, but more importantly, against "leftism." If "leftist" influences are not eliminated, it would be impossible for us to accelerate the pace of reform and opening up, nor would it be possible for us to be bold in learning useful things from capitalist countries. Leading cadres at various levels should keep abreast of the new situation in reform and opening to the outside world and make changes in ideology, strategy, policy, work, and other aspects. Mentally, they should be determined to make progress and be aware of the need to compete; strategically, they should make full use of both their favorable geographic conditions and natural resources and promote the development of industry by developing trade; in policy, they should be bold in implementing various policies in a down-to-earth and flexible way; and they should do solid work vigorously and speedily.

The party Central Committee and the State Council approved the three cities of Yining, Tacheng, and Bole in the region as open border cities and permitted Urumqi to implement the various policies applicable to open coastal cities. The autonomous region has also decided to further open Kuytun and Shihezi cities to the outside world as experimental open areas of the region. This new situation will change our region from a closed, land-locked area to an open border area. This new situation also constitutes an important turning point in Xinjiang's reform, opening up, and economic development. Taking advantage of opening the above six cities to the outside world as a turning point, we should work hard to implement policies and accelerate the pace of reform and opening up in an all-around way.

Speeding up the pace of coordinated reforms, with the stress on changing enterprises' operating mechanisms, is a major matter bearing on pushing our regional economy into a new stage in a better and faster way. We should pay close attention to changing the operating mechanisms of enterprises, especially large and medium-sized

state-owned enterprises. Enterprises should be encouraged to compete in the market through the efforts of people inside and outside the enterprises. In industrial and commercial enterprises, continuing efforts should be made to experiment mainly on "being independent in five aspects" [wu zi zhu 0063 5261 0031], "four relaxations" [si fang kai 0934 2397 7030], and the reform of three internal regulations [nei bu san xiang zhi du 0355 6752 0005 7309 0455 1653]—a comprehensive reform experiment in which a breakthrough should be made as soon as possible so as to gain experiences and popularize them in state-owned industrial and commercial enterprises before the end of the year. At the same time, we should further deepen rural reforms, continue to stabilize the household contract responsibility system with remuneration linked to output and to improve the dual management system [that combines household with collective operations], vigorously develop the socialized rural network of services, and strengthen the collective economy step by step. While reforming the management system of rural production, we should also reform the system of commodity circulation and encourage and organize rural collective economic units and peasants to participate directly in the circulation of commodities. We should effectively promote a rapid development of secondary and tertiary industries, with village and town enterprises as the mainstay. We should strive to develop the rural commodity economy in an all-around way.

Economic construction is the central task of the whole party. Party committees at various levels should further strengthen their leadership over economic work. They should overcome formalism and bureaucratism, delve into realities, make investigation and study, and promptly solve outstanding problems in economic operations. They should seize the opportune time at present to carry out the six major tasks in economic work, which were decided early this year, in order to promote all-around economic development. Vigorous efforts should be made to fulfill or overfulfill the tasks planned for this year.

In the face of arduous tasks in reform, opening to the outside world, and socialist modernization, we should further strengthen party leadership, do a good job in party building, and increase the party's fighting capability in order to provide political and organizational guarantees for all-around implementation of the party's basic line. Party committees at various levels should make unremitting efforts to build a material and a spiritual civilization at the same time, crack down on criminal activities, and tackle public-order problems in a comprehensive way. We should persistently give first priority to enhancing the unity of nationalities and effectively strengthen our leadership over nationalities work. Only with political stability and unity will we be able to concentrate our energies on reform, opening up, and economic construction; otherwise, we would not be able to achieve anything.

Our tasks in the second half of the year will be arduous. In accordance with the plan of the regional party committee, party committees at various levels should unite and lead the

people of various nationalities to work hard to make progress and outstanding achievements so as to present them to the 14th National Party Congress as a generous gift.

Taipei Urged To Scale Down Six-Year Plan

OW1707085992 Taipei CNA in English 0812 GMT
17 Jul 92

[Text] Taipei, July 17 (CNA)—The government may face a financial crisis if the on-going Six-Year National Development Plan is not scaled down, a government-funded economic think tank said yesterday.

The Chung Hua Institute for Economic Research has recently completed a study of the scale and structure of government expenditures over the next 10 years.

The study found that the government will incur huge budget deficits if it fails to scale down the NT [New Taiwan] \$8.2 trillion national development plan.

The government launched the ambitious development plan in 1991 in a bid to upgrade the country's infrastructure to international standards. The plan comprises more than 700 major construction projects, including a high-speed railway, a second freeway, other transportation networks, and pollution control facilities.

The government has floated some NT\$20 billion in state bonds during the past two years to raise funds for the 1991-1996 national development plan and is scheduled to issue billions more of bonds in the next few years.

The Chung Hua Institute report said if the six-year plan continues as scheduled, the government will have more than NT\$6.3 trillion in outstanding state bonds by the year 2000.

By then, the report said, annual principal and interest payments for state bonds will account for 23 percent of total government spendings. It will be a heavy financial burden for the national coffers and may trigger runaway inflation in the country, the report warned.

The report forecast that the national economy will grow an average 7.67 percent annually during the next 10 years, with annual inflation hovering around 5.27 percent. The annual growth rates of government revenues and expenditures are estimated at 13.1 percent and 18 percent, respectively.

Based on these figures, the report said, government spendings will account for a record 36.77 percent of the country's gross domestic product (GDP) by the year 2000.

Trade Deficit With Japan Viewed

OW1607092392 Taipei CNA in English 0811 GMT
16 Jul 92

[Text] Taipei, July 16 (CNA)—The Republic of China [ROC] is likely to replace Germany as the country with the third largest trade deficit with Japan this year, a ranking official with the Council for Economic Planning and Development (CEPD) said Wednesday.

Taiwan registered a trade deficit of U.S.\$5.7 billion with Japan in the first half of this year, a painful 30 percent increase over the same period of 1991, according to government tallies.

If the rapid upward trend continues, the CEPD official said, Taiwan's trade deficit with Japan will reach a record U.S.\$11 billion by year's end. The amount more than triples the imbalance Taiwan suffered in its trade with Japan in 1986, the official noted.

The ROC registered a trade deficit of U.S.\$9.7 billion with Japan last year, compared to America's U.S. \$41 billion, Hong Kong's U.S. \$15 billion, and Germany's U.S. \$10 billion.

The official warned that Taiwan's trade deficit with Japan may overtake Germany's this year.

They said the government should no longer adopt a low-profile approach in trade consultations with Japan. "We should take active steps in pressuring Japan to help redress the widening trade gap between our two countries," he added.

Economic Affairs Minister Hsiao Wan-chang told a meeting of a government-industry joint committee on narrowing the trade gap with Japan that he feels ashamed of failing to improve the chronic Sino-Japanese trade imbalance.

Hsiao pointed out that the trade imbalance is structural and cannot be corrected overnight. "It requires long-term, all-out efforts to narrow our trade gap with Japan," he stressed.

Hsiao pledged that his ministry will help local manufacturers reduce their reliance on Japanese machinery and parts.

Speaking on the same occasion, C.F. Koo, president of the Chinese National Federation of Industry and Commerce, said Taiwan industrialists should drop the "free lunch" mentality. Local companies should invest more in research and development, cultivate qualified engineers and purchase foreign technical know-how in order to upgrade their production and product quality.

"This is the only way for us to catch up with the Japanese and to balance our trade with them," Koo added.

Vice Economic Affairs Minister P.K. Chiang said Taiwan manufacturers should give priority to tapping the highly-discriminating Japanese market. "Once they can satisfy quality-conscious Japanese consumers," Chiang said, "they can gain footholds in other world markets, too."

Ministries Study Feasibility of Loan to Byelarus

OW1607090092 Taipei CNA in English 0747 GMT
16 Jul 92

[Text] Taipei, July 16 (CNA)—The ministries of economic and foreign affairs are studying the feasibility of

making a U.S. \$8 million loan to Byelarus to help it expand its telecommunications facilities, officials said Wednesday.

They noted that Byelarus had requested U.S.\$39.8 million in loans from the European Bank of Reconstruction and Development (EBRD). Both EBRD and Byelarusian officials had approached Taipei over the matter.

The government's International Economic Cooperation Development Fund (IECDF) may join EBRD in making the loans to Minsk, the officials said.

In making the loans, the government will take into consideration the recipient country's credibility and political stability, and Byelarus is quite stable compared with other Commonwealth of Independent States (CIS) countries, they added.

Earlier, the government agreed to offer U.S.\$500,000 in medical aid to the CIS country. Officials said the medical supplies are ready for shipment to Byelarus.

Late next month, Vice Economic Affairs Minister P.K. Chiang will lead a trade and industrial mission to visit Russia, Ukraine and Byelarus.

Chiang said a precondition for receiving the IECDF loan is to exchange trade offices with the Republic of China.

He hopes that Byelarus will exchange trade offices with Taipei so that there will be a special institute to take charge of matters related to the loan.

Trade offices will also help promote private-sector exchanges between the two countries, Chiang added.

Satellite Ground Station To Be Set Up in U.S.

*OW1607091092 Taipei CNA in English 0803 GMT
16 Jul 92*

[Text] Taipei, July 16 (CNA)—The Republic of China [ROC] will set up a satellite ground station in the United States for the operation of its first satellite to be launched in 1997, the National Science Council announced Wednesday.

"It has been temporarily decided that the site will be either in California or Colorado," Sha Han-min, chairman of the council, said in a press conference yesterday.

Desirable [word as received] signals from the station will be transmitted via the satellite to Taiwan where an observation ground station will operate, Sha explained. Construction of the station in Chungli, northern Taiwan, will be completed soon, he noted.

With the two stations, as well as a third one in South Africa, space research data will be available 24 hours a day to the space scientists and engineers involved in the project here, Sha said.

Businessmen Said Cautious in Mainland Investment

*OW1607091192 Taipei CNA in English 0754 GMT
16 Jul 92*

[Text] Taipei, July 16 (CNA)—Taiwan businessmen have been extremely cautious in making investments on Mainland China, a government think tank said Wednesday.

The Chung Hua Institute for Economic Research said that during the past six years, Taiwan's total private investment in Malaysia, Thailand, Indonesia and the Philippines are 3.6 times of Taiwan investment on the mainland.

The institute noted that between 1986 and 1991, Taiwan businessmen invested an aggregate of U.S.\$11.5 billion in the four Association of Southeast Asian Nations (ASEAN) countries.

Of the total, Malaysia accounted for 42.7 percent, Thailand 29.6 percent, Indonesia 24.1 percent and the Philippines 3.5 percent, it added.

The average size of Taiwan investment in the four ASEAN countries, by a total of 2,479 manufacturers, has been growing, from U.S.\$2.1 million in 1986 to U.S.\$7 million in 1991, the think tank said.

On the other hand, it continued, some 3,000 Taiwan investors invested U.S.\$3.2 billion on the mainland, averaging U.S.\$1.08 million, during the same period.

The average size of the Taiwan investment on the mainland has remained at only around U.S.\$1 million, it said.

The institute used a Chinese saying, "Loud Thunders, but Little Raindrops," to describe Taiwan businessmen's cautious attitude in making mainland investments.

ARATS Confirms Ownership of Seized Boat

*OW1507213192 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
14 Jul 92*

[From the "Hookup" program]

[Text] In an urgent telegram sent to the Foundation for Exchanges Across the Strait [FEATS] last evening, the Association for Relations Across the Strait [ARATS] confirms that Xiagongqi-2 is indeed a boat owned by the anti-smuggling squad under the Business Administrative Office of Xiapu County in Fujian.

The reply also confirms that Chen Ju-wu is a public security officer on the boat. ARATS also urges FEATS to render assistance so that the boat, the crew and equipment can be returned to the mainland as quickly as possible.

This morning, the Mainland Affairs Committee of the Executive Yuan will call an ad hoc meeting for representatives from internal affairs, defense, justice, and agricultural authorities to coordinate the necessary procedures for handling the case.

FEATS sent an urgent telegram to ARATS yesterday morning, requesting it to identify the owner of the boat and its crew, and ARATS' promptness in answering the request shows its eagerness in getting back the boat and its personnel.

In its reply, ARATS pointed out that Chen Ju-wu, Ye Ching-guang, and Huang Hsiao-fu are public security and anti-smuggling personnel; that the boat is a boat Xiapu County leased to fight smuggling activities at sea; and that the

boat seized contraband cigarettes from the fishing boat Minshiyu-2935, whose owner, as well as the smuggled goods, had been brought back by another anti-smuggling ship, Xiagongqi-3, to Fujian for handling.

ARATS pointed out that the submachine guns found on Xiagongqi-2 are weapons issued by the mainland's public security authorities.

It has been learned that, since the identity and mission of the mainland boat and its crew have been given, the main issues of the case will be the way our law enforcement authorities investigated the anti-smuggling mission of the Chinese public security authorities and whether our law enforcement authorities will investigate these personnel's criminal responsibilities for opening fire.

Hong Kong

No Agreement Reached in Airport Talks

HK1607124992 Hong Kong Television Broadcasts
Limited in English 1115 GMT 16 Jul 92

[From the "News at 7:15" program with comments from British Joint Liaison Group team leader Anthony Galsworthy]

[Text] No end to the impasse over the financing plans for the Chek Lap Kok airport. That is despite a whole morning of discussions by the Sino-British Joint Liaison Group's [JLG] Airport Committee. Another meeting is expected soon after the Chinese side has considered proposals put forward today by Britain.

Neither side would say what the British proposals are but it is believed to concern financing arrangements for the future airport authority, which will handle the building and running of the airport itself.

[Begin recording] [Galsworthy] The Chinese side has undertaken to consider our proposals and we hope to have a further meeting as soon as we will be able to do that. [end recording]

The British side reportedly wants to resolve all the problems involving the various airport projects as a package. The Governor Chris Patten has said as much that he didn't want residual fusses but a Chinese source said today that British proposals to the Committee did not contain concrete details. The Chinese side is still worried about the Government's HK\$20 billion [Hong Kong dollars] of callable equity, the future airport's revenue, especially where it involves government taxes and airport franchises.

Chinese team leader Guo Fengmin says both sides will continue considering each other's views and meet again in the near future.

Would the problems be resolved before British Foreign Minister Douglas Hurd's scheduled visit here next weekend?

[Begin recording] [Galsworthy] It would be very nice to get them settled very quickly. I can't promise if that would be possible. [end recording]

The Chinese side has also said they wanted the airport built on time and has proposed that the site preparation contract be let out first. The provisional Airport Authority is to announce a final short list of the bidders tomorrow aiming to let it out by September but whether the successful bidder would trust the Government to pay for the contract without China's approval of financing plans is uncertain.

Galsworthy said today there is still a possibility of delays. Legislator Samuel Wong, however, believes there is still time.

[Begin recording] [Wong] Now with the new method of reclamation we can certainly save some time and maybe we wait for, say October, when we meet again in the Legco [Legislative Council] and vote for funding.

Legislator Albert Chan zeroed in on China's hidden motives.

[Albert Chan] But up to now the Chinese Government still has not really come up with concrete proposal regarding the callable equity or the cost of the airport railway so it makes one suspect the actual motive of the Chinese Government in further delaying the agreement on the airport financing plan. So, if we further delay, the overall cost of the airport core projects will go up definitely.

Galsworthy, today, also insisted that yesterday's disclosure of Hong Kong's exchange fund was not trying to coincide with the JLG meeting. But he agreed with the Financial Secretary that it would help prospective lenders for infrastructural projects.

Higher Costs Likely Due to Delay

HK1707025292 Hong Kong SOUTH CHINA
MORNING POST in English 17 Jul 92 pp 1, 3

[By Fanny Wong and Doreen Cheung]

[Text] Higher costs and serious slippage in the Chek Lap Kok airport plan are likely if China fails to give its blessing to the finance plan of the Provisional Airport Authority soon.

If the contract for reclaiming the Chek Lap Kok site is not granted by the October deadline, higher costs will be incurred on the \$68.5 billion project.

The current tender is valid until October and if the contract cannot be awarded by then, the Government must call new tenders which will result in higher prices.

The threat of further delays grew yesterday as Sino-British negotiators failed to make any progress in yet another round of talks on the controversial financing plan for the future Airport Authority.

No date has been set for the next round of talks despite the submission of a new British proposal to the Chinese side at yesterday's Joint Liaison Group Airport Committee meeting.

Britain is hoping that the Chinese team will respond to the new proposal within a week.

The British proposal is understood to be aimed at enabling the construction of Chek Lap Kok airport to begin early, leaving aside problems with the airport railway project.

But there were no signs that the Chinese team was taking a softer stance at yesterday's Airport Committee meeting.

Speaking after the session, leaders of the British and Chinese teams, Mr Tony Galsworthy and Mr Guo Fengmin, reported no progress but agreed to hold a further meeting soon.

The stock market flinched at the news. After soaring 105.75 points to 6,231.25 at the disclosure that the Exchange Fund was a massive \$236 billion, it slumped with the airport announcement at about 2.45 p.m.

The Hang Seng still ended the day up 37.97 points at a record high of 6,162.53.

The Governor, Mr Chris Patten, said: "I am sure the Airport Committee will work very constructively over the coming days and weeks to provide answers to the problems that have arisen.

"It's in all our interest and the interest of Hong Kong, in the interest of southern China to have an early resolution to these problems.

"We'll have a great airport; we'll have a lot more land reclamation; we'll have all the other projects associated with the airport in due course. Of that I'm absolutely confident."

Mr Galsworthy said the committee had conducted a thorough discussion but was far from achieving a breakthrough.

He confirmed that the British side had conveyed new proposals to the Chinese team.

He conceded that the three-hour discussion was primarily on the Airport Authority, although the airport railway was also a subject under discussion.

Mr Galsworthy refused to divulge details of the proposal saying that it was not right to do so in the middle of negotiations.

The Chinese side had not responded to the new proposals although they had made a number of comments during the meeting, he said.

The date of the next meeting would depend on the Chinese side's attitudes towards the new proposal, Mr Galsworthy said.

While the Government disclosed the size of the Exchange Fund to be \$236 billion, Mr Galsworthy stressed that the timing of the announcement was not related to yesterday's meeting.

He said the figure had not been discussed at the meeting.

He was uncertain whether both sides could reach agreement before the British Foreign Minister Mr Douglas Hurd visited Hong Kong at the end of the month, he added.

Chinese team leader Mr Guo Fengmin said both sides hoped that they could continue their meetings and discussions in the near future.

It is understood that the Chinese side put a proposal to the British team earlier that the Hong Kong Government should go ahead with urgent projects, such as the Chek Lap Kok reclamation plan.

But the British proposal is believed to counter such arrangements and instead, insists that it is highly desirable to get overall financial agreement before the Government embarks on any work on the Chek Lap Kok plan.

It is understood that the British proposal also addresses the callable equity problem.

The British side maintains that the reclamation contract must be granted in the next couple of months if delay and higher costs are to be avoided.

The engineering deadline for the reclamation contract is set to be in August, and missing the deadline would mean delaying the completion date.

The real problem is the tendering deadline in October. The tender is only valid until a certain date.

If the Government does not take the tender up in that period, it will have to call new tenders as the tenderers would need to revise their cost estimates to adjust for inflation in the light of late start of the construction works.

Although the Government has deferred the award of the reclamation contract from May to August to allow bidders to scale down the tender price, the British side maintains there is no more room left for further delays.

Editorial Views Talks

HK1707030892 Hong Kong SOUTH CHINA
MORNING POST in English 17 Jul 92 p 30

[Editorial: "Unhappy Memories of Last Year's Deadlock"]

[Text] Hopeful words from officials over the last few days were, as expected, no more than diplomatic niceties. No progress was anticipated at yesterday's brief meeting of the Joint Liaison Group Airport Committee, and none was achieved. Deadlines for China to give its approval to financial arrangements have come and gone. Beijing is in no hurry to observe the requirements of last year's hard-won Sino-British Memorandum of Understanding.

For the moment, agreements and solutions are not on the Chinese agenda. Changes in the Chinese position will not come overnight. The main objection to the Hong Kong Government proposals is affordability. China argues it does not want to see the future Special Administrative Region begin its life under a burden of debt.

In a regrettable throwback to the first half of last year, China is stone-walling over the airport to make a political point, and to demonstrate how important its support is to foreign bankers. While its concern over cost escalation is wholly justifiable, given Hong Kong's propensity to come back with bigger figures, the refusal to accept explanations from the British side now looks like

obstructionism, in breach of the spirit and the letter of the airport agreement signed last September in Beijing by the two prime ministers, Mr Li Peng and Mr John Major.

It looks as if China wants an encore of last year's performance, in that it is angling for an early visit to Beijing by the new Governor, Mr Chris Patten, to negotiate in person, rather than leave it to mere officials. However, Mr Patten is not in any hurry to visit the Chinese leaders, and may wish to wait until after the party congress towards the end of the year. Once there, it is certain the Chinese side would want to turn the conversation around to democracy and politics, rather than infrastructure and investment.

The Chinese are holding a strong hand. Unlike Britain, they do not see the end of British rule as the deadline for completing the airport. However, in the space of 24 hours, China's propaganda offensive has been counteracted on two fronts.

Firstly, Mr Hamish Macleod's revelation of the Exchange Fund's \$236 billion has demolished China's frequent worries over Hong Kong's ability to pay the bills for the airport construction. International creditworthiness will be hugely enhanced by the disclosure of the hidden \$236 billion reserve. Together with the Fiscal Reserve and the Land Fund, the territory is sitting on a pile of almost \$330 billion.

The extraordinary size of the Exchange Fund will have not come as a complete shock to the Chinese, who were almost certainly told of its wealth last year at the height of the negotiations over the Airport Memorandum. Sharing them with the public, however, vastly alters their usefulness to the British side as a negotiating tool.

Beijing can argue for as long as it likes that the Exchange Fund is not intended to pay for infrastructure projects, or to service the future Special Administrative Region's debts, and the Financial Secretary would happily agree, but both sides know the public perception of Hong Kong as a fabulously wealthy community, with enough cash in hand to pay for the airport almost three times over, will be difficult to shake off.

Secondly, the Legislative Council's rejection of Beijing's favoured multiple seat, one vote model for the 1995 elections has strengthened Britain's hand. It is accepted that the electoral rules will be a matter for consultation with China, but Mr Patten can now urge the Chinese not to pressure him into taking an early decision on the matter.

Time changes perceptions, and he can point to the about-turn on the Omelco [Office of the Members of the Executive and Legislative Councils] consensus on the number of directly elected councillors as evidence that passions cool. The preference for a single-seat, single-vote model in 1995 may be less firm in six months' time. The Secretary for Constitutional Affairs Mr Michael Sze

Cho-Cheung has already indicated the Government will not be rushing to act on the Legislative Council's recommendations.

Such arguments may be more persuasive over the next few months than detailed briefings on the need for urgency over the airport. In the meantime, however, the Hong Kong Government has to carry on trying to convince local people that the airport is not going to be a bottomless pit which will swallow up its accumulated wealth.

Former UN Head's Recent Remarks Discussed

HK1607142492 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1053 GMT 16 Jul 92

["Special feature" by Fu Yunzi (3187 0061 1311): "Hong Kong People Should Calmly Consider Perez de Cuellar's Remarks"]

[Text] 16 Jul (ZHONGGUO TONGXUN SHE) [date-line as received]—A few days ago, Former UN Secretary General Javier Perez de Cuellar said in an interview that overseas reports exaggerated the "4 June Incident" of 1989. He also called on the people of Hong Kong not to blindly criticize mainland China's human rights status, and said that they should put forward constructive suggestions to the mainland.

Perez de Cuellar is not a figure with "leftist tendencies" on the international arena. Exploring his remarks from the standpoint of Hong Kong people, they are very practical and make some sense. In fact, in a special interview with the reporter of Hong Kong Television Broadcasts before leaving Hong Kong, former Hong Kong Governor David Wilson also talked at length on the question of "4 June," urging Hong Kong people not to confine themselves in the shadow of the "4 June incident" and saying that they must positively think of ways of getting along with China in the future.

As far as Hong Kong people are concerned, mainland China's human rights question should be considered from two perspectives:

First, how should they define mainland China's human rights from the standpoint of the Chinese?

Second, how shall Hong Kong people assist mainland China in improving its human rights status?

When we turn a globe and look for countries and regions having "adequate human rights" by Western standards, we will easily find that the so-called "human rights" and "democracy" are a very expensive way of life. Except for the few industrialized countries, almost no region or country is up to the Western standards on "human rights" and "democracy." The question does not seem to lie with the political dictatorship of these countries "where human rights are disregarded," but often on their poverty and backwardness. In fact, this is not difficult to understand. Confucius once said: "If one has enough

clothing and food, one knows what honor and disgrace are." In the modern sense, "honor and disgrace" are identical to "human rights." If you do not believe this, you can go and visit those homeless people in the neighborhood of New York's Chinatown and see how they are outlawed [qu di 0648 4877] by the police, then you will know that "human rights" are an extreme extravagance for poor people. Therefore, Perez de Cuellar said in Hong Kong that "political rights are only part of human rights, while the most basic human rights are the right to subsistence, namely the right to having food." In fact, this remark says the same thing as that made by CPC General Secretary Jiang Zemin when he said: "The right to subsistence is, after all, the foundation of human rights."

This reporter has been to Yichang and its vicinity on the banks of the Three Gorges and personally discussed the human rights question with people there. The local people have no understanding of "human rights" whatever and are not interested in them. What impressed this reporter was that the people in this poverty-stricken area are concerned about how many tangerines, local handicrafts, or even jasmine wreaths that tourists, including this reporter, will buy when they hire their boats. Of the 1.1 billion people in China, 800 million are on the margin of this poverty line. Except the right to food and warmth, to them "human rights" and all others are an extravagance to them.

Therefore, the most positive thing Hong Kong people can do is to further participate in the mainland's economic development. Even the compatriotic love, from little to great, they showed last year by stretching out their helping hands to the flood-ridden areas is a way to assist the mainland improve its human rights status.

Is the annual large-scale "4 June commemoration activities" beneficial to Hong Kong? It does not seem so. Does it help improve the mainland's human rights status? Still less does it help. So why take the trouble and be bound by this depressing historical fact?

Perez de Cuellar's remarks are worthy of Hong Kong people's consideration.

Bank of China on Release of Exchange Fund Figures

OW1607151392 Beijing XINHUA in English
1444 GMT 16 Jul 92

[Text] Hong Kong, July 16 (XINHUA)—The spokesman for the Hong Kong-Macao Regional Office of the Bank of China today welcomed the release by the Hong Kong Government of the accumulated amount of the Hong Kong Exchange Fund.

The spokesman said the exchange fund has been accumulated from the economic development in Hong Kong in the past years and is a common wealth of the Hong Kong people. It is a backing factor that secures the stability of the Hong Kong dollar and the financial system in Hong Kong, he added.

In his statement to the local legislative council Wednesday, Hong Kong Financial Secretary Hamish MacLeod announced that at the end of 1991 the exchange fund stood at 236 billion H.K. Dollars (30 billion U.S. dollars), and the accumulated earnings of the fund at 99 billion H.K. Dollars (13 billion U.S. dollars).

To facilitate the economic and financial prosperity and stability in Hong Kong and a smooth transition in 1997, the management and use of the fund should be in the long-term interests of Hong Kong, the spokesman for the Bank of China regional office said.

Beijing Adviser Views 1995 Electoral Pattern

HK1707013592 Beijing ZHONGGUO XINWEN SHE
in Chinese 1425 GMT 15 Jul 92

[By Xia Yuhua (1115 1342 5478): "Liu Yiu-chu Maintains It Is Inappropriate To Use 1991 Electoral Model for 1995 Direct Elections"]

[Text] Hong Kong, 15 Jul (ZHONGGUO XINWEN SHE)—Liu Yiu-chu, Hong Kong Affairs adviser and National People's Congress deputy, maintained that it is unfair to retain or slightly change the 1991 electoral model for the 1995 direct elections.

Interviewed by this staff reporter this morning, she said: For last year's Legislative Council [Legco] election, an uncommon electoral pattern was used. As a result, some parties benefited considerably and gained a lot of favor. Therefore, they strongly advocate retaining this system, whereas other parties disapprove it. On this question, all parties should have an equal say.

Liu Yiu-chu said: Hong Kong's political system has developed in a very unbalanced way. Some parties have been newly founded. They will jointly participate in the development of Hong Kong's democratic political system for a long time to come. The 1995 Legco direct elections should take into consideration other new organizations and parties. Only in so doing can long-term fairness be guaranteed.

She maintained: The various parties in the 1995 Legco should have their own representatives. Only after thoroughly listening to the views of various parties can the Hong Kong people make the right choice. Moreover, only when the voices of different parties appear in Legco can mutual communication be guaranteed. If there were only the voice of one particular party, the citizens would not know what to choose and there would be no democracy.

Liu Yiu-chu pointed out: The view that functional constituency elections can embody different voices is incorrect. She said: Functional constituency and regional elections are two juxtaposed parts of direct elections. Functional constituency elections must likewise take into consideration the opinions of different parties.

Advisers Invited to XINHUA Seminar

HK1507112892 Beijing ZHONGGUO XINWEN SHE
in Chinese 1342 GMT 6 Jul 92

[By reporter Xia Yuhua (1115 1342 5478): "XINHUA Hong Kong Branch Invites Some Hong Kong Advisers to Seminar"]

[Text] Hong Kong, 6 Jul (ZHONGGUO XINWEN SHE)—Today, 10 advisers on Hong Kong affairs were invited to a seminar held by the XINHUA Hong Kong Branch, to extensively discuss Hong Kong's prosperity and stability and the issue of smooth transition.

The following 10 advisers on Hong Kong affairs attended today's seminar: Ann Tse-kai, Tang Hsiang-chien, Wong Yu-hong, Shao You-bao, Wong Po-yan, Leung Chun-ying, Tong Yat-chu, Mun Kin-chok, Wu Wai-yung, and Tso Wung-wai.

The seminar was hosted by Zheng Hua, deputy director of the XINHUA Hong Kong Branch. In his opening remarks, he said: There are many issues that the Hong Kong people have been concerned with lately, such as the financial arrangements of the new airport project, the amendment to the Basic Law, the relationship between administration and legislation, and inflation.

He reiterated that the most important aspect of the work during post-transitional period in Hong Kong is dovetailing with the Basic Law.

The advisers on Hong Kong affairs who attended the seminar discussed the financial arrangements of the new airport project, the number one issue that concerns the Hong Kong people at the moment. They expressed appreciation toward the establishment of a financial group by the Airport Consultative Committee and hoped that this financial group would keep the general public more informed of the financial arrangements for the new airport in future. All those present at the seminar expressed the wish that the cost of the airport be kept within reasonable bounds, so it may comply with the principle of low cost and high returns.

The seminar participants made excellent remarks on the issue of dovetailing with the Basic Law. They pointed out: Dovetailing with the Basic Law concerns Hong Kong's social, political, economic, and educational domains, not just the issue of through train for Legislative Council members. The issue of dovetailing is relevant to all departments of the Hong Kong Government. The relationship between Hong Kong's industrial and commercial circles and the mainland should also dovetail with the Basic Law.

When discussing the issue of dovetailing, the participants also expressed their opinions on a number of current issues that are not clearly understood, such as the

handover being the prerequisite of dovetailing and the demarcation between communication and interference.

Besides, the participants also looked at the problem of inflation that is now closely bound up with the people's livelihood and analyzed the tendencies that may arise in the future.

Finally, Deputy Director Zheng Hua said that the seminar had had a rich content and produced penetrating analyses, much to the benefit of future studies on Hong Kong issues. He expressed his wish that there would be more opportunities like this in the future whereby the advisers on Hong Kong affairs could play a greater role.

Also present at today's seminar were Qin Wenjun, deputy director of the XINHUA Hong Kong Branch, and the persons in charge of the relevant departments.

XINHUA Official To Head Consultancy Firm

HK1607040292 Hong Kong SOUTH CHINA
MORNING POST in English 16 Jul 92 p 10

[By Daniel Kwan]

[Text] A senior official of the local branch of the New China News Agency has been appointed to head a consultancy firm in Hong Kong to promote the mainland's investment opportunities to Taiwanese businessmen.

Mr Wong Man-fong, head of the Taiwan Affairs Department of the NCNA, yesterday confirmed that Beijing had given the go-ahead to the establishment of the Straits Economic and Trade Advisory Co.

Mr Wong said the new company would be set up within two months and would mainly be funded by Hong Kong and Taiwanese entrepreneurs and China-funded companies in Hong Kong. Mr Wong said the company would not be under NCNA control.

It is understood that it will concentrate on consultancy services in the beginning and has no immediate plans to branch into the lucrative area of trade.

The director denied reports that he would retire soon and hinted that he could stay with the agency for at least another four years.

It was reported earlier that Mr Wong would retire later this year and Mr Wang Zhenyu, a Taiwan expert from the Chinese Foreign Ministry, would fill his place.

"For the meantime, I will double up as the director of the company as well as the head of the Taiwan Affairs Department of the NCNA," Mr Wong said at a seminar on Taiwan-mainland relations held in Hong Kong yesterday.

"There doesn't exist the issue of my retirement."

Taiwan and mainland seminar participants apparently failed to reach agreement on such thorny issues as unification between the mainland and Taiwan.

Taiwanese politics professor Tsai Cheng-wen said there would be no breakthrough on Taiwan-mainland relations in the near future.

"It is clear that both sides were still deeply entrenched in their positions and there is simply no sign we will see any compromises," he said.

Mainland delegates also backed up Professor Tsai's assessment, saying it was unrealistic for Taipei to impose conditions on Beijing in exchange for negotiations on unification of the country.

The authorities in Taiwan have demanded Beijing recognise the Taiwan Government as legitimate, drop its threat to use force against Taiwan and stop isolating Taiwan in the international community.

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